GARLAND

City of Garland, Texas
Annual Comprehensive Financial Report
for the year ended September 30, 2025

CITY OF GARLAND, TEXAS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

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March 13, 2026

Citizens of the City of Garland
Garland, Texas

Dear Citizens:

The Annual Comprehensive Financial Report (ACFR) of the City of Garland, Texas (the City), for the year ended September 30, 2025, is hereby submitted. The report is published to provide detailed information concerning the financial condition of the City to our citizens and the financial community, as well as other interested parties. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City, on a government-wide and fund basis. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Governmental Accounting Standards Board (GASB) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately after the independent auditors' report.

GENERAL INFORMATION – CITY OF GARLAND

The City of Garland is located northeast of Dallas and is one of the largest communities in the Dallas/Fort Worth Metroplex. As the 13th largest city in Texas, Garland covers 57 square miles and is bordered by three major freeways: Interstate 635, Interstate 30, and State Highway 190 (President George Bush Turnpike).

The City is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State, including the City's home rule Charter. The City was incorporated in 1891 and first adopted its Home

Rule Charter in 1951. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and eight Council members. The City Manager is the chief administrative officer for the City.

The financial reporting entity (the government) includes all the funds of the primary government (i.e., the City of Garland as legally defined), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. The government provides a full range of services, including police and fire protection; the construction and maintenance of highways, streets, and infrastructure; recreational activities and cultural events; electric, water, and wastewater utility services; golf course facilities; stormwater facilities; and sanitation collection services.

Discretely presented component units are legally separate entities and not part of the primary government's operations. Accordingly, the Garland Housing Finance Corporation, the Garland Economic Development Authority, and the Garland Health Facilities Development Corporation are not included in the primary government. In accordance with GASB Statement No. 61, "The Financial Reporting Entity: Omnibus – an amendment of GASB Statement No. 14 and No. 34", the City determined that the Garland Health Facilities Development Corporation and the Garland Economic Development Authority, which were discretely presented as component units in the City's financial statements in prior years, are no longer necessary to be reported within the City's financial statements and have been excluded from the City's FY2025 Annual Comprehensive Financial Report. The Garland Independent School District is excluded from this report because it is a separate governmental entity with a separately elected board of trustees.

The Garland Foundation for Development (GFFD) was organized to promote economic development and other activities within the Garland Community. The City Council serves as the board members for GFFD, and the City Manager is the Executive Director. GFFD is reported as a blended component unit of the non-major governmental fund.

The Garland Public Facility Corporation (GPFC) was created as a public facility corporation for the purpose of assisting the City in financing, refinancing, or providing public facilities. The Mayor and City Council serve as the board members of the GPFC. GPFC is reported as a blended component unit of the non-major governmental funds.

DEMOGRAPHICS

Garland's population totaled 246,018 in the 2020 census count, with current estimates placing the population at approximately 251,932. Garland has an estimated 88,455 housing units and an employment base of approximately 124,857. Garland is diverse in ethnicity and education. Most recent estimates place the city's population at 37.5% white, 15.3% African American, 0.7% American Indian or Alaska Native, 11.2% Asian, 7.9% some other race, and

27.4% two or more races. An estimated 45.0% is Hispanic/Latino (of any race). More than 79.4% of the city's adult population is educated above the high school level or higher, with more than 25.0% of the population possessing a bachelor's degree or higher. Per the Garland Economic Development Office, the 2025 estimated average household income in Garland was $94,412. Per the Dallas Central Appraisal District (DCAD), the average market value for detached single-family residences in Garland for 2025 is $326,617.

LOCAL ECONOMY AND DEVELOPMENT

Garland is renowned for its robust economic and industrial base, which includes over 5,000 businesses and approximately 300 manufacturing companies. Recognized as a manufacturing community since the 1940s, Garland has attracted numerous Fortune 500 corporations and many other businesses to establish their strategic operations here. The following is a partial list of companies that maintain operations in Garland:

Arrow Fabrication Tubing	*General Dynamics Corp.*	*Plastipak Packaging*
Batory Foods	*Kirchhoff Automotive*	*Quest USA*
Cosmax NBT	*Kraft Heinz Food Co.*	*Resistol Hats*
Daisy Brands, Inc.	*Mapei Corporation*	*Sherwin-Williams*
Ecolab, Inc.	*NTT Data Center*	*US Food Services*
Epiroc Drilling Solutions	*Packaging Corp. of America*	*XPO Logistics*

Owning one of the oldest manufacturing facilities in Garland, Kraft Heinz Food Company has operated off Forest Lane since 1949. The City is now partnering with Kraft Heinz on a $140 million expansion project to modernize and upgrade manufacturing capacity at its original facility. The investment includes significant renovations for employee wellness, as well as approximately $74 million for new production lines and $60 million for modernization of existing lines. Kraft Heinz also plans to add 200 positions to its current workforce of approximately 1,500 employees across two facilities. The expansion and upgrades are expected to continue into 2026.

The residents of Garland are committed to investing in the city for improved safety, mobility, and quality of life, as well as increased economic vitality. That is why they overwhelmingly support the approval of a $423.7 million bond program in 2019.

In year six of implementing the 2019 Bond Program, over 75% of the projects have been completed, with construction or design underway on all remaining projects. In November 2024, the City celebrated its fifth Build Garland Day to formally open Fire Station 6 and the Street Department facility, which were both rebuilt. Groundbreaking events also took place for the revitalization of cherished regional amenity Surf & Swim, as well as Naaman School Road improvements.

In April 2025, at the sixth Build Garland Day, the City celebrated key milestones for four more 2019 bond projects. These included groundbreakings for new Fire Stations 1 and 7 in addition to ribbon-cuttings for Holford Recreation & Aquatic Center and Speegle Green – a new green space for the Williams Estates community.

In July 2025, the renovated Central Library was reopened. The all-new West Garland Library was opened in fall 2025. In August 2025, the City broke ground on the final recreation facility of the 2019 Bond Program, Garland's Senior Activity Center.

On May 3, 2025, Garland voters reaffirmed their confidence in the City's direction with overwhelming approval of a four-item, $360 million bond package. As Garland embarks on a transformative journey of the 2025 Bond Program, the City's Project Management Office stands at the helm, ensuring seamless execution, accountability, and innovation for many of the initiatives. This significant program will enhance infrastructure, beautify key locations, and strengthen community spaces.

Recognized as a Music Friendly Texas Certified Community in 2025, Garland is making strides in the music scene as well. Events like the Music Made Here and You Ain't Heard Nothin' Yet concert series bring national and local artists to the Downtown Square, solidifying Garland's reputation as a destination for live music.

Garland's commitment to creative expression and historical preservation has been formally recognized by the Texas Commission on the Arts with an official designation for the city's Bankhead Cultural Arts District. Names after the Bankhead Highway – a vital early 20th-century route that helped shape Garland's grown – the district pays homage to both the city's transportation legacy and its thriving cultural scene.

Exciting new public art installations are on the horizon. Garland celebrated its designation as the Cowboy Hat Capital of Texas with a striking oversized cowboy hat sculpture in Downtown. A community partnership is also in the works to help honor The Flats, Garland's original Black community – amplifying stories of resilience and legacy.

The City of Garland is comprised of more than 50 departments that provide various services and strive to set the stage for residents to live their best lives. In addition to providing traditional municipal services, the City operates its own water, wastewater treatment, and electric utilities. The City also maintains and operates a regional landfill facility and offers both residential and commercial solid waste collection services. The City places a high priority on public safety with more than 600 sworn Police and Fire personnel.

Residents enjoy an abundance of recreation opportunities with parks covering more than 2,800 acres, as well as six recreation centers, five park pavilions, three swimming pools, a wave action pool, and two senior centers. Services are further enhanced with four libraries conveniently located throughout the city as well as a wealth of e-books and other online services. Garland is also home to Firewheel Golf Park, with 63 holes of championship-caliber golf, including three regulation courses.

ECONOMIC CONDITIONS AND OUTLOOK

The economic environment shows returning to average levels of growth rather than the historically high levels the City experienced in the past several years. This slowdown is tied to stagnation in the sales tax base and decline in discretionary spending. Overall sales tax revenue from the retail and service industry segments of the state and local sales tax base have shown stagnation. Additionally, Senate Bill 2 (SB 2) continues to limit growth in property tax revenue and has lowered the Operations and Maintenance portion of the Tax Rate by 0.18 cents per $100 of valuation since enaction in 2019.

Garland's certified property tax base reached $28.3 billion in 2025, an increase of over $1.5 (5.6%) from last year's valuation, largely due to new construction, which comprised $551.8 million of the total tax base increase. Property tax revenues in the General Fund increased by a modest amount of $2.4 million (3.2%) due to limitations imposed by the Texas Legislature in Senate Bill 2.

Fiscal Year 2026 is intended to serve as a bridge year until the City can hold a Tax Rate election, currently anticipated for November 2026. The election will propose to shift a portion of the Tax Rate from the Debt Service (I&S) rate to the Operating and Maintenance (M&O) rate. The Tax Rate shift, if approved by the voters, will decrease previously foregone revenue as restricted by SB 2 and all the City more financial flexibility to continue to grow Garland.

The priorities include:

- Ensure any new facilities resulting from past bond programs are adequately staffed and funded to operate at expected service levels.
- Focus on preparing for the November 2026 tax rate election.
- Building sustainability into existing funds.

FINANCIAL INFORMATION

Accounting and Budgetary Controls

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with revenues being recorded when available and measurable, and expenditures being recorded when the liability is incurred. Proprietary operations are maintained on a full accrual basis.

Budgetary control is maintained at the fund level, and encumbrances are entered at the time a purchase order is issued. Outstanding encumbrance's lapse at fiscal year-end and the subsequent year's budget is amended to reflect these outstanding encumbrances. Unspent and unencumbered appropriations lapse at the end of the fiscal year.

The budgetary process begins each year with the preparation of both current and proposed year revenue estimates by the City's revenue managers and the Chief Financial Officer. Expenditure budgets are then developed using a *target budgeting* approach. Departments base their initial budget submission on their allocated share of the projected resources, but they can make requests for additional items which the City Manager or City Council may choose to fund. This target budget methodology results in a balanced budget presented to Council. The Proposed Budget is reviewed extensively by the City Council, and the process includes a Charter-mandated public hearing and work sessions that are open to the public. The City Charter requires adoption of the City budget no later than September 20th. Activities of the general, debt service, community development block grant, housing assistance, neighborhood services, police training, hotel/motel, narcotic seizure, Treasury Department Grants, TIF, and internal service funds are included in the annual appropriated budget.

While the budget is developed and controlled at the departmental level, appropriations are set at the fund level. An ordinance establishes the budget for operating expenses, debt services payments, and interfund transfers, while a separate ordinance establishes the property tax rate.

Changes to approved expenditures are incorporated into the current year budget throughout the year in the form of budget amendments approved by Council. These amendments, as well as updated revenues and other revised expenses, become part of the Revised Budget that is presented to Council concurrent with the Proposed Budget.

During the course of the fiscal year, each department director monitors expenditure controls with overall review exercised by the Chief Financial Officer and the City Manager. Monthly expenditure reports are distributed based on

the automated accounting system that provide year-to-date expenditure totals for each line item compared to the amount expended at that point in time in the prior year.

Constant review and oversight of revenue and expenditure trends is maintained with specific responsibility assigned to department directors, revenue managers, and the Chief Financial Officer. Recommendations for corrective action are made to the City Manager (and to the City Council, if appropriate) as needed to ensure the integrity of the Adopted Budget.

Management of the City is responsible for establishing and maintaining an internal control system designed to ensure that the City's assets are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in accordance with generally accepted accounting principles. The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived; and the evaluation of costs and benefits requires estimates and judgments by management.

As a recipient of Federal and State financial awards, the City is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations relating to these programs. Internal controls are subject to periodic evaluation by management, the City's Internal Audit Department, and independent auditors.

As part of the City's single audit, the independent auditors make tests to determine the adequacy of the internal controls, including that portion related to Federal financial awards programs, as well as to determine that the City has complied with applicable laws and regulations. The results of the single audit are published in a separate report to management.

Long-Term Financial Planning

In order to remain financially strong and provide a framework for prudent financial management, the following financial controls are maintained annually:

- A multi-year financial forecast is prepared annually projecting revenues and expenditures for all major operating funds.
- A multi-year debt service forecast is prepared to project the impact of future debt service payments on the tax rate.

- Rates, fees, and charges for services are reviewed and adjusted as necessary to respond to changing financial circumstances.
- Insurance coverages are examined to ensure that policy limits are adequate and in compliance with revenue bond covenants.
- Debt is not used to fund current expenditures.
- Bonds are sold to finance long-term capital projects.
- Total tax-supported debt is maintained so as not to exceed five percent (5%) of the total assessed valuation of taxable property.
- An ending “fund balance” of 30 days of budget-based operating expenditures less debt service in the General Fund is maintained as a minimum.
- An ending “fund balance” of 45 days of budget-based operating expenditures including debt service is maintained in the Enterprise Funds as a minimum.
- Internal service funds are maintained to be fully self-supporting to the extent that any retained earnings deficit is recovered in the subsequent fiscal year through increased charges to benefiting departments.

OTHER INFORMATION

Independent Audit

According to Article IV, Section 7, of the City Charter, an annual audit to be performed by independent, certified public accountants, is required to be made of the financial records of the City. Weaver and Tidwell, LLP was selected in July 2019 by the City Council to perform the annual audits. In addition to meeting the requirements set forth in the Charter, the audit was also designed to meet the requirements of the Federal Single Audit Act of 1996 and related Uniform Guidance. The independent auditor’s report on the basic financial statements is included in the financial section of this report. The independent auditor’s report related specifically to the single audit will be issued in a separate document.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Garland for its Annual Comprehensive Financial Report for the Fiscal Year ended September 30, 2024. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Annual Comprehensive Financial Report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a one-year period. The City of Garland has received a Certificate of Achievement for the last forty-three consecutive years. We believe that our current report continues to conform to the Certificate of Achievement Program requirements, and we will submit it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation of this Annual Comprehensive Financial Report was accomplished with the professional and dedicated efforts of the staff of the Financial Services Department. Appreciation is also extended to those individuals in other departments who contributed, directly or indirectly, to the development of this report.

In closing, we also want to thank the Mayor and the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible manner.

Respectfully submitted,

Michael J. Betz
City Manager

Allyson Bell Steadman
Chief Financial Officer

Matt Watson
Assistant City Manager

Kathryn Ritchie
Finance Administrator

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Garland
Texas

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

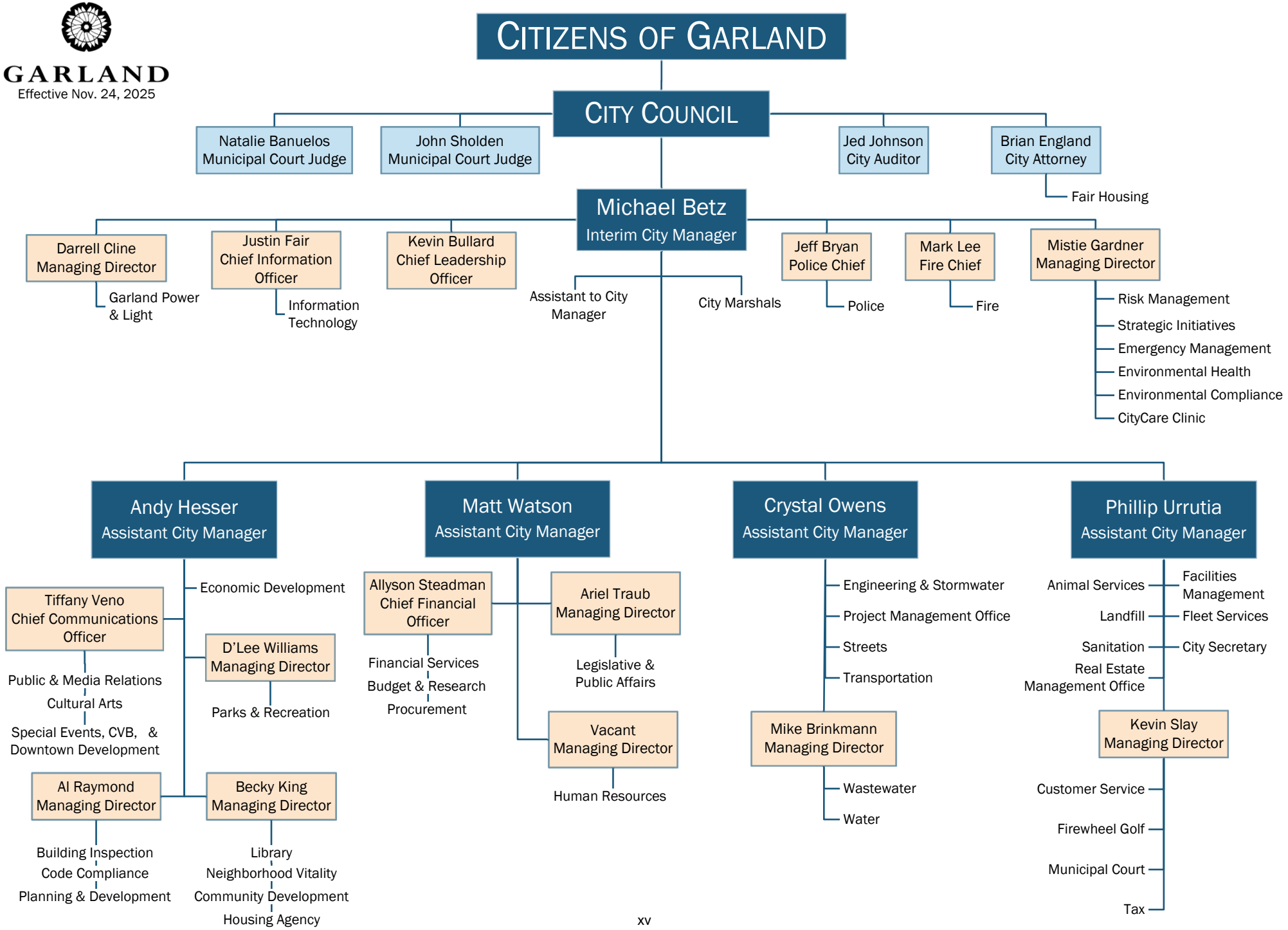
September 30, 2024

Christopher P. Morrill

Executive Director/CEO

GARLAND

Effective Nov. 24, 2025



GARLAND

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2300 North Field Street, Suite 1000
Dallas, Texas 75201
972-490-1970

Independent Auditor's Report

To the Honorable Mayor, Members of the City Council and City Manager
City of Garland, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Garland (City), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Garland Housing Finance Corporation (GHFC), the discretely presented component unit of the City of Garland as of and for the year ended December 31, 2024. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the GHFC is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund financial statements and schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Comprehensive Financial Report (ACFR)

Management is responsible for the other information included in the ACFR. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

The Honorable Mayor, Members of the City Council and City Manager
City of Garland, Texas

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2026 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
March 13, 2026

GARLAND

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City of Garland, Texas
Management's Discussion and Analysis
(Unaudited)

As management of the City of Garland, we offer readers of the City of Garland's financial statements this narrative overview and analysis of the financial activities of the City of Garland for the fiscal year ended September 30, 2025. All amounts, unless otherwise indicated, are expressed in dollars.

Financial Highlights

- The assets and deferred outflows of the City of Garland (the City) exceeded its liabilities and deferred inflows at the close of the fiscal year by $1,619,838,722. Ending net position for governmental activities amounts to $552,287,238 and the ending net position for the business type activities amounts to $1,067,551,484.
- Net position for governmental activities decreased $28,285,881 and the net position for the business type activities increased $81,620,190 for a total increase in the City's net position of $53,334,309. Contributing factors related to the increase in governmental activities and in business type activities are discussed in the governmental activities and business type activities sections of this overview and analysis.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $326,125,756. Of the combined ending fund balances, $545,061 is nonspendable, $208,519,929 is restricted, $55,473,262 is committed, $29,447,570 is assigned, and $32,139,934 is unassigned.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all the City's assets, deferred inflows/outflows, and liabilities with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and streets, landfill, economic development, and culture and recreation. The business-type activities of the City include electric, water, sewer, golf, heliport, storm water, parks performance, and sanitation operations.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate non-profit corporation for which the City is financially accountable. Financial information for the component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 27-28 of this report.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into two categories: governmental funds and proprietary funds. The City also maintains a fiduciary trust fund for the other post-employment benefits (OPEB).

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare it to the information presented for the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the balance sheet and the statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains seventeen individual governmental funds. The General Fund, the Debt Service Fund, and the Capital Projects Fund, are considered to be major funds. Major funds are presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances. Data from the other fourteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided as required supplementary information for the General Fund to demonstrate compliance with this budget.

The basic governmental funds financial statements can be found on pages 29-32 of this report.

Proprietary funds

The City maintains two different types of proprietary funds, enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its electric, water, sewer, golf, heliport, storm water management, parks performance, and sanitation operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for group health, self-insurance, long-term disability insurance, fleet, vehicle replacement, information technology, facilities management, warehouse, and customer service operations. The internal service funds are allocated between the governmental and business-type activities based on the level of support each internal service provides to a governmental and business-type activity.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The electric, water, and sewer operations are considered to be major funds of the City. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the non-major enterprise funds can be found on pages 120-124 and for the internal service funds on pages 126-128.

The proprietary fund financial statements can be found on pages 33-37 of this report.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 38-39 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 40-97 of this report.

Other information

Required supplementary information concerning the General Fund schedule of revenues, expenditures, and changes in fund balances – budget and actual for the year ended September 30, 2025, the net pension liability schedules, and the City's Net Other Postemployment Benefits (OPEB) liability schedules, are presented on pages 98-104 of this report.

Government-wide Financial Analysis

Total assets and deferred outflows at fiscal year-end amount to $4,096,344,898. Current and other assets comprise 33.60% and capital assets comprise 62.21% of the total assets and deferred outflows. Total assets and deferred outflows increased $365,372,744 during the fiscal year.

Total liabilities and deferred inflows at the end of the fiscal year amount to $2,476,506,176. Long-term liabilities comprise 89.69% and other liabilities comprise 9.26% of the total liabilities and deferred inflows. Total liabilities and deferred inflows increased $208,962,194 during the fiscal year.

As mentioned earlier, net position may serve over time as a useful indicator of the government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows (net position) by $1,619,838,722 for the fiscal year ended September 30, 2025. The largest portion of the City's net position, $997,476,196, represents 61.58% of the total net assets and reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and systems) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net position, $330,767,154, represents 20.42% of the total net position and represents resources that are subject to external restrictions on how they may be used. These restrictions are detailed in revenue bond debt covenants, the City of Garland Charter, grant contracts, and state law. The remaining balance of unrestricted net position, $291,595,372, represents 18.00% of total net position and may be used to meet the City's ongoing obligations to citizens and creditors.

A comparative schedule of condensed government-wide net position is presented on the following page.

Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	$ 503,258,893	$ 499,817,226	$ 872,923,241	$ 809,849,436	$ 1,376,182,134	$ 1,309,666,662
Capital assets	1,000,284,197	892,418,869	1,547,966,387	1,443,861,824	2,548,250,584	2,336,280,693
Total assets	1,503,543,090	1,392,236,095	2,420,889,628	2,253,711,260	3,924,432,718	3,645,947,355
Total deferred outflows of resources	129,644,969	60,275,651	42,267,211	24,749,148	171,912,180	85,024,799
Long-term liabilities outstanding	941,917,980	695,061,597	1,279,291,450	1,203,393,388	2,221,209,430	1,898,454,985
Other liabilities	119,860,161	164,324,031	109,454,142	84,098,045	229,314,303	248,422,076
Total liabilities	1,061,778,141	859,385,628	1,388,745,592	1,287,491,433	2,450,523,733	2,146,877,061
Total deferred inflows of resources	19,122,680	12,552,999	6,859,763	5,037,681	25,982,443	17,590,680
Net position:						
Net investment in capital assets	448,515,142	474,829,891	548,961,053	527,113,667	997,476,195	1,001,943,558
Restricted for:						
Debt Service	-	121,668	734,939	357	734,939	122,025
Construction	2,952,254	2,621,210	-	-	2,952,254	2,621,210
TMPA Escrow	18,907,321	-	-	-	18,907,321	-
Rate Mitigation	-	-	287,134,591	268,194,215	287,134,591	268,194,215
Housing Assistance	4,190,391	3,927,274	-	-	4,190,391	3,927,274
Other Grant Programs	16,847,658	12,590,664	-	-	16,847,658	12,590,664
Unrestricted	60,874,472	86,482,412	230,720,901	190,623,055	291,595,373	277,105,467
Total net position	$ 552,287,238	$ 580,573,119	$ 1,067,551,484	$ 985,931,294	$ 1,619,838,722	$ 1,566,504,413

The total net position increased $53,334,309 in the 2025 fiscal year. Governmental activities decreased $28,285,881 while the business-type activities increased this total by $81,620,190. These increases are discussed in the governmental activities section and the business-type activities section of this overview and analysis.

Statement of Activities

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	$ 82,961,579	$ 68,857,491	$ 583,374,729	$ 568,446,009	$ 666,336,308	$ 637,303,500
Operating grants and contributions	40,446,778	42,287,915	-	-	40,446,778	42,287,915
Capital grants and contributions	7,972,789	2,939,342	6,305,625	2,532,668	14,278,414	5,472,010
General Revenues:						
Property taxes	182,673,314	163,692,333	-	-	182,673,314	163,692,333
Sales taxes	54,910,882	46,641,936	-	-	54,910,882	46,641,936
Other taxes	10,360,224	10,493,735	-	-	10,360,224	10,493,735
Unrestricted interest earnings	21,490,282	24,094,214	24,166,686	26,353,206	45,656,968	50,447,420
Miscellaneous	184,253	278,672	11,039,787	8,881,085	11,224,040	9,159,757
Total Revenues	401,000,101	359,285,638	624,886,827	606,212,968	1,025,886,928	965,498,606
Expenses:						
General government	70,906,114	50,111,754	-	-	70,906,114	50,111,754
Public safety	205,912,292	148,261,922	-	-	205,912,292	148,261,922
Public works	78,141,833	57,527,838	-	-	78,141,833	57,527,838
Culture and recreation	61,979,448	33,563,418	-	-	61,979,448	33,563,418
Public health	9,470,678	7,444,788	-	-	9,470,678	7,444,788
Interest and fiscal charges	17,616,347	15,973,660	-	-	17,616,347	15,973,660
Electric	-	-	338,909,458	317,003,646	338,909,458	317,003,646
Water	-	-	87,167,665	74,763,157	87,167,665	74,763,157
Sewer	-	-	55,693,836	47,214,598	55,693,836	47,214,598
Golf	-	-	7,819,175	5,773,993	7,819,175	5,773,993
Heliport	-	-	2,714	7,406	2,714	7,406
Storm Water Management	-	-	6,310,257	5,265,438	6,310,257	5,265,438
Parks Performance	-	-	1,379,958	1,428,053	1,379,958	1,428,053
Sanitation	-	-	31,242,844	25,358,957	31,242,844	25,358,957
Total expenses	444,026,712	312,883,380	528,525,907	476,815,248	972,552,619	789,698,628
Change in net position before transfers	(43,026,611)	46,402,258	96,360,920	129,397,720	53,334,309	175,799,978
Transfers	14,740,730	41,935,057	(14,740,730)	(41,935,057)	-	-
Increase (decrease) in net position	(28,285,881)	88,337,315	81,620,190	87,462,663	53,334,309	175,799,978
Net position - beginning	580,573,119	492,235,804	985,931,294	898,468,631	1,566,504,413	1,390,704,435
Net position - ending	$552,287,238	$ 580,573,119	$1,067,551,484	$ 985,931,294	$1,619,838,722	$ 1,566,504,413

Governmental activities

Governmental activities decreased the City's net position by $28,285,881 in fiscal year 2025. Key factors that contributed to this decrease are discussed below.

Revenues by Source – Governmental Activities

Revenues by Source

	2025		2024		Amount	Percentage
	Amount	Percentage	Amount	Percentage	Change	Change
Charges for services	$ 82,961,579	20.69%	$ 68,857,491	19.17%	$14,104,088	20.48%
Operating grants and contributions	40,446,778	10.09%	42,287,915	11.77%	(1,841,137)	-4.35%
Capital grants and contributions	7,972,789	1.99%	2,939,342	0.82%	5,033,447	171.24%
Property taxes	182,673,314	45.55%	163,692,333	45.56%	18,980,981	11.60%
Sales taxes	54,910,882	13.69%	46,641,936	12.98%	8,268,946	17.73%
Other taxes	10,360,224	2.58%	10,493,735	2.92%	(133,511)	-1.27%
Unrestricted interest earnings	21,490,282	5.36%	24,094,214	6.71%	(2,603,932)	-10.81%
Miscellaneous	184,253	0.05%	278,672	0.08%	(94,419)	-33.88%
Total Revenues	$401,000,101		$359,285,638		$41,714,463	

Key changes in revenue by source included the following:

Charges for services revenue increased $14,104,088. The increase can be attributed to:

- In FY25, landfill fees increased due to increased tonnage brought into the landfill and adjustment to several rates charged at the landfill including the addition of a construction & demolition rate for materials that adversely impact airspace and useful life.
- During FY25, permit fees increased due to collections associated with large developments in North Garland and the I-30 corridor.
- During FY25, reimbursement was received related to cost sharing projects with Dallas County and DART.

Property tax revenue increased $18,980,981 due to growth in the tax base of over $2.7 billion (11.2%) from last year's valuation. New construction and appreciation in the existing tax base remained strong post-pandemic contributing significantly to Garland's economic base.

The increase in sales tax is associated with a one-time sales tax collection in September 2025 of approximately $5,000,000 from developments purchasing information technology equipment within Garland City limits.

Expenses by Source - Governmental Activities

Expenses by Source

	2025	2024	Change
General government	$ 70,906,114	$ 50,111,754	$ 20,794,360
Public safety	205,912,292	148,261,922	57,650,370
Public works	78,141,833	57,527,838	20,613,995
Culture and recreation	61,979,448	33,563,418	28,416,030
Public health	9,470,678	7,444,788	2,025,890
Interest and fiscal charges	17,616,347	15,973,660	1,642,687
Total Expense	$ 444,026,712	$ 312,883,380	$ 131,143,332

Total Expenses for Governmental Activities increased by $131,143,332 or 38.4%. This increase is mostly attributable to pension liability expenses, totaling $107,521,966, associated with the re-instatement of non-retroactive 50% Cost of Living Adjustment (COLA) at the City's pension plan in January 2025. This is a non-cash adjusting entry that is anticipated to significantly reduce overtime as TMRS actuarial analysis takes into account a $130 million pension bond issued in August, 2025, to prepay the long-term liability associated with this new benefit.

Business-type Activities

Business-type activities increased the City's net position by $81,620,190. Key factors that contributed to the change are discussed below.

- The electric utility incurred a net income of $67,580,919. The net income for the electric utility increased $6,810,723, from the prior fiscal year as a result of the following:
  - Increase in operating revenue.
  - Decrease in fuel and energy purchases.
  - Decrease in maintenance and repairs expenses.

- The water utility incurred a net income of $11,407,058. The net income for the water utility decreased $2,562,043, from the prior fiscal year as a result of the following:
  - Increase in pension liability expenses.
  - Increase in cost of water purchases.

- The wastewater utility incurred a net income of $6,220,743. The net income for the wastewater utility increased $607,864, from the prior fiscal year as a result of the following:
  - Increase in charges for services revenue due to higher apartment and major industrial customer consumption.
  - Increase in pension liability expenses.

Revenues by Source – Business-type Activities

	Charges for Services			Capital Grants and Contributions		
	2025	2024	Change	2025	2024	Change
Electric	$ 382,080,533	$ 375,502,169	$ 6,578,364	$ 239,886	$ 9,240	$ 230,646
Water	96,150,243	94,120,371	2,029,872	4,947,330	1,720,630	3,226,700
Wastewater	62,278,209	58,429,973	3,848,236	1,049,508	721,081	328,427
Non-major Enterprise	42,865,744	40,393,496	2,472,248	71,901	81,717	(9,816)
Total	$ 583,374,729	$ 568,446,009	$ 14,928,720	$ 6,308,625	$ 2,532,668	$ 3,775,957

	Miscellaneous		
	2025	2024	Change
Electric	$10,803,102	$ 8,547,538	$ 403,814
Water	95,132	130,046	(34,914)
Wastewater	56,132	89,303	(33,171)
Non-major Enterprise	85,422	114,198	(28,775)
Total	$11,039,788	$ 8,881,085	$ 306,954

Expenses by Source – Business-type Activities

	2025	2024	Amount Change	Percentage Change
Electric	$338,909,458	$ 317,003,646	$ 21,905,812	6.91%
Water	87,167,665	74,763,157	12,404,508	16.59%
Wastewater	55,693,836	47,214,598	8,479,238	17.96%
Non-Major	46,754,948	37,833,847	8,921,101	23.58%
	$528,525,907	$ 476,815,248	$ 51,710,659	10.85%

Fiduciary funds

In the 2009 fiscal year, the City established an Other Post Employment Benefit Trust Fund which allows the City to capture long-term returns to make progress towards reducing the unfunded liability of post-employment health care. A $1,845,000 contribution in excess of the pay-as-you-go costs was made to the trust fund during 2025. The City will make future contributions to the trust fund as economic conditions permit to lower the OPEB unfunded actuarial accrued liability and to ensure that funding is available for future retiree medical benefits.

Capital Asset and Debt Administration

Capital Assets

At the end of the 2025 fiscal year, the City had $2,548,250,584 invested in a broad range of capital assets including police and fire equipment, buildings, park facilities, roads, bridges, an electric system, a water system, and a sewer system. This amount represents a net increase of $211,991,980 or 9.07% increase from the prior fiscal year. Key elements of this change are as follows:

Capital Assets at Fiscal Year-end
(Net of Accumulated Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	$ 167,976,091	$ 140,424,231	$ 50,680,243	$ 47,630,191	$ 218,656,334	$ 188,054,422
Construction in Progress	121,637,673	280,281,016	156,075,298	81,428,955	277,712,971	361,709,971
Building, Improvements, equipment and systems	710,692,522	471,713,622	1,341,210,846	1,314,802,678	2,051,881,279	1,786,516,300
Total capital assets	$ 1,000,306,286	$ 892,418,869	$1,547,966,387	$1,443,861,824	$2,548,250,584	$2,336,280,693

Major capital asset additions for the current fiscal year included (amounts rounded to the nearest thousand):

Description	Amount (000's)
Holford Recreation & Aquatic Center	$ 43,757
Modernization/Upgrades to Central Library	24,351
Tuckerville Park Development	16,835
Relocate/Expand West Garland Library	16,638
Relocate Fire Station No. 6	11,636
Holford Acquisition	10,966
Rick Oden Park Improvements	10,257
Hollabaugh Recreation Center	9,557
Roof Replacement	8,080
Street Department Facility	6,493
Local Flooding Program	3.697
Granger Recreation Center & Annex	3,365
Bridge & Drainage Infrastructure Remediation	3.082
Replacement of Landfill Equipment	2,864
Chaha Rd IH30 to Lake Ray Hubbard Pkwy	2,803
HVAC Replacement/Upgrade	2,772
Transportation Operations & Maintenance Facility	2,667
Street Reconstruction and Improvements	2,579
Paving of Unimproved Alleys	2,419
Sidewalk Participation	2,354
Replacement of Transfer Station Equipment	2,265

A few of the Capital Improvement Program projects under construction at the end of the current fiscal year included (amounts rounded to the nearest thousand):

Description	Amount (000's)
Surf & Swim Regional Aquatics Facility	$ 24,680
3884 S. Shiloh (Office Flex Building)	17,324
Duck Creek WWTP upgrades	17,255
Holford Road Segment A	14,574
Naaman School Road (Brand to SH-78)	13,576
Downtown Square Desing & Construction	10,376
Oakland Substation Upgrade	9,437
Field Operation Center	8,511
Downtown Infrastructure and Intersection	8,030
Downtown Streetscapes & Redevelopment	7,719
Relocate Fire Station No. 1	7,196
FCA Upgrades	7,166
Relocation of water mains prior to paving	5,927
Shiloh Road – Kingsley Rd to Miller Rd	5,620
New Holford Road Main Project	5,124
CV-MC Line Upgrade	4,426
Relocate Fire Station No. 7	4,405
Infiltration Correct	4,400
Callejo Road – Botello to Campbell	4,257
Montclair No. 2 and No. 3 Drainage	4,066
Drainage Maintenance Program	3,936
Ben Davis Flood Mitigation	3,637
Brand Road to College 138kV	3,314
Garland Senior Activity Center	3,289

Additional information on the City's capital assets can be found in note IV.C on pages 59-61 of this report.

Debt

Debt issues outstanding for the fiscal years 2025 and 2024 were as follows:

	Governmental Activities		Business-type Activities		Total		
	2025	2024	2025	2024	2025	2024	Change
Long-Term:							
General obligation bonds	$ 441,420,000	$ 317,520,000	$ 10,000	$ 15,000	$ 441,430,000	$ 317,535,000	$ 123,895,000
Certificates of obligation	204,540,000	161,255,000	18,515,000	15,215,000	223,055,000	176,470,000	46,585,000
Utility system revenue bonds	-	-	1,022,540,000	956,915,000	1,022,540,000	956,915,000	65,625,000
Commercial paper	-	-	109,795,000	126,400,000	109,795,000	126,400,000	(16,605,000)
Total Long-Term	645,960,000	478,775,000	1,150,860,000	1,098,545,000	1,796,820,000	1,577,320,000	219,500,000
Short-Term:							
Commercial Paper	-	-	-	-	-	-	-
Tax Note	-	45,750,000	-	-	-	45,750,000	(45,750,000)
Total Short-Term	-	45,750,000	-	-	-	45,750,000	(45,750,000)
Total outstanding debt	$ 645,960,000	$ 524,525,000	$ 1,150,860,000	$ 1,098,545,000	$ 1,796,820,000	$ 1,623,070,000	$ 173,750,000

During the fiscal year, the City issued the following debt:

Issue	Principal	Bond Ratings: Standard & Poor's	Bond Ratings: Fitch IBCA
Long-term			
Certificates of Obligation Bonds, Series 2025	$ 67,355,000	AA+	AA+
General Obligation Refunding Bonds, Series 2025	18,010,000	AA+	AA+
Pension Obligation Bonds, Taxable Series 2025	130,850,000	AA+	AA+
Electric System Revenue Refunding Bonds, New Series 2024	111,160,000	AA	AA-
Water and Sewer System Revenue Refunding Bonds, New Series 2025	52,215,000	AA-	AA
Total debt financing	$379,590,000		

The proceeds of the Certificates of Obligation Bonds, Series 2025 will be used for the following:

- Constructing, equipping, and improving various facilities in the City,
- Acquiring equipment and vehicles for public safety, street and traffic control, facilities management, drainage, stormwater management, and parks and recreation departments and programs,
- Equipping additions, extensions, renovations, and improvements for the City's sanitation department, including the landfill and transfer station and the acquisition of land and interest in land,
- Improving and equipping existing municipal buildings, including HVAC replacement, upgrade, roof replacement and safety upgrades.

The proceeds of the General Obligation Refunding Bonds, Series 2025, were used to fund parks and recreation facilities and improvements, street improvements, drainage improvements, public safety facilities and improvements, and library improvements.

The proceeds of the Pension Obligation Bonds, Taxable Series 2025 were used to pay a portion of the City unfunded, accrued liability to the Texas Municipal Retirement System. In 2025, the City issued Pension Obligation Bonds (POB) as a mechanism to reduce the City's unfunded long-term liability associated with re-instating a non-retroactive 50% Cost of Living Adjustment (COLA) to the City's TMRS pension plan on January 1, 2025. Transfers from various revenue-supported operating funds to the Debt Service Fund will be required to pay the proportional associated debt service over the 20-year term. Due to the timing of when the COLA was re-instated and the POB was issued, the 2025 ACFR reflects an elevated UAAL associated with the TMRS pension plan and the increased long-term liability of the POB issuance.

The proceeds of the Water and Sewer System Revenue Refunding Bonds, New Series 2024 were used to takeout $55,000,000 of commercial paper debt, Series 2015.

In fiscal year 2010, the City along with other TMPA member cities elected to issue bonds based on the percentage of their annual net energy load and placed the proceeds with TMPA. Since the proceeds from the issuance of this debt will benefit the City over future years the City has elected to record an other asset and a corresponding bonds payable liability, reoffering premium, interest and sinking fund deposit, underwriters discount and issuance cost to record this transaction. The other asset of $138,252,850 is being amortized using a straight-line method over a period of 20 years based on the life of the economic benefit that the City is receiving from this transaction. During the current fiscal year, the City amortized $6,912,642 of the asset resulting in a fiscal year-end balance in other assets of $31,106,891. In February, 2021, the state of Texas experienced an unprecedented weather event causing power outages across the state. As a result, energy and natural gas prices increased dramatically from February 11 to February 24, 2021. The City recorded a Winter Storm Uri regulatory asset of $137,343,717 which will be amortized over thirty years. In FY2023, the value of this Regulatory Asset increased by $906,004. This adjustment reflects the recognition of ERCOT short payments that are not expected to be recovered. At September 30, 2025, the regulatory asset had a balance of $117,552,794. Further information related to the other assets are available on pages 90-92.

Additional information on the City's debt can be found in note IV.E of this report.

The City's Funds

At the close of the City's fiscal year, the governmental funds of the City reported a combined fund balance of $326,125,756, an increase of $36,579,861 from the prior fiscal year.

The General Fund ended the fiscal year with a fund balance of $106,054,353 which was an increase of $36,325,853 from the prior fiscal year. The increase in the general fund can be attributed to increases in property tax and sales tax collection. The Debt Service fund ended the fiscal year with a fund balance of $2,463,703 which is a decrease of $1,099,110. The decrease can be attributed to the issuance of a $45,750,000 tax note to improve residential and arterial streets. The Capital Projects Funds ended the fiscal year with a fund balance of $173,049,495 which is a decrease of $5,677,487 from the prior fiscal year related to funding of the ongoing capital projects of the City. Other Nonmajor Governmental funds ended the fiscal year with a fund balance of $44,558,205 which was in increase of $7,030,605.

General Fund Budgetary Highlights

During the fiscal year ended September 30, 2025, the City Council amended the budget for the General Fund on multiple occasions. The amendments were comprised of supplemental appropriations and adjusted budgets. Appropriations are adjusted annually for open purchase orders and various grant awards. Budgets are reviewed and adjusted during the fiscal year to address changing operational and/or economic situations. These amendments amounted to increased appropriations of $7,809,214.

Economic Factors and Next Year's Budgets and Rates

The City's unemployment rate at September 30, 2025, was 4.3% and the State of Texas unemployment rate was 4.1%. The City's estimated population of 251,932 (as estimated at January 1, 2025, by the City's Planning department) remained virtually unchanged from the prior year.

The budget priorities for FY2024-25 are primarily focused on an economic environment that shows signs of returning to average levels of growth rather than the historically highs levels experienced in the past several years. This slowdown is tied to reduced consumer spending for goods and services and a flattening in economic production due to the Federal Reserve's monetary policies designed to control inflation. While overall sales tax revenue remained strong in FY2023-24, the retail and service industry segments of the state and local sales tax base have shown signs of stagnation, and new development is beginning to decline.

These priorities include:

- Ensure any new facilities resulting from past bond programs are adequately staffed and funded to operate at expected service levels.
- Maintain competitive position with compensation and merit increases.
- Enhance infrastructure and maintenance funding to be able to adequately respond to the results of the street and alley condition assessment and other long-term maintenance initiatives.
- Maintain high levels of reserves to respond to anticipated and unforeseen financial challenges.

To address these priorities, the FY 2024-25 Adopted Budget includes 3.0% compensation/merit increases for general schedule employees. To maintain competitive compensation for public safety staff, the adopted budget included a market adjustment for Police and Fire Civil Service employees. Additionally, the adopted budget included increases to paramedic certification and assignment pay as well as the addition of hazardous material technician certification pay and urban search and rescue certification pay Fire Civil Service.

In support of the new or expanded facilities constructed as part of the 2019 Bond Programs, the adopted budget includes additional personnel and enhanced operational funding for the Holford Recreation and Aquatic Center and West Branch Library to support these new amenities available to residents in 2025.

The budget is based on an adopted ad valorem tax rate of 68.97 cents per $100 of valuation, which is unchanged from the current year and the lowest tax rate since FY 2007-08. For the average Garland single-family home with a market value of $322, 000, annual City property taxes will be $1,568 per year, or $131 a month, after applying the 10% Homestead Exemption. If a

homeowner is 65 or older, annual property taxes will be $1,182 per year, or $98 a month, after applying the 10% Homestead Exemption and $56,000 Senior Exemption.

The FY2025-26 budget is modest in new funding and programs relative to prior years and prioritizes maintaining existing levels of service, building sustainability into existing funds, and funding essential items. Sales tax is projected to decrease by $1.9 million (4%) from the FY2024-25 budget. The FY2025-26 budget is intended to serve as a bridge year until the City can hold a Tax Rate election, currently anticipated for November 2026. The election will propose to shift a portion of the Tax Rate from the Debt Service (I&S) rate to the Operating and Maintenance (M&O) rate. The Tax Rate shift, if approved by the voters, will decrease previously foregone revenue as restricted by SB2 and allow the City more financial flexibility to continue to grow Garland.

These priorities include:

- Ensure any new facilities resulting from past bond programs are adequately staffed and funded to operate at expected service levels.
- Focus on preparing for November 2026 tax rate election.
- Building sustainability into existing funds.

While the City continues its commitment to provide total rewards that are comparable to metroplex comparators, recommendations for FY2025-26 are primarily focused on mitigating the impact of declining General Fund revenues and uncertain economic conditions. Because of this, total rewards investments are limited to a 2.5% one-time lump-sum payment to all employees, funding Civil Service retirements, and the rising cost of health insurance.

In support of the new or expanded facilities constructed as part of the 2019 Bond Programs, the proposed budget includes one additional full-time position and increased operational funding for Surf and Swim, which is anticipated to open for the 2026 summer season, as well as funding for maintenance of new/renovated parks.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Financial Services Department at the City of Garland, 200 North Fifth Street, Garland, TX 75040 or through the City's internet site www.garlandtx.gov.

GARLAND

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City of Garland, Texas
Statement of Net Position
September 30, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	As of 12/31/24
ASSETS				
Cash and cash equivalents	$ 368,664,527	$ 191,007,315	$ 559,671,842	$ 6,409,206
Investments	66,459,951	37,270,850	103,730,801	-
Accounts Receivable, net of allowance for uncollectibles	37,304,661	108,780,265	146,084,926	3,587,232
Due from other governments	1,139,588	-	1,139,588	-
Internal Balances	(16,462,744)	16,462,744	-	-
Inventories	721,052	10,172,255	10,893,307	-
Prepaid and other items	2,628,500	964,535	3,593,035	32,729
Restricted Assets:				
Cash and cash equivalents	42,751,715	242,111,766	284,863,481	-
Investments	51,552	106,866,230	106,917,782	-
Accrued interest	91	1,157,689	1,157,780	-
Assets held for resale	-	-	-	1,655,921
Other Assets	-	158,038,284	158,038,284	-
Derivative instrument-energy risk management	-	91,308	91,308	-
Capital Assets:				
Land	167,976,091	50,680,243	218,656,334	72,372,877
Construction in Progress	121,637,673	156,075,298	277,712,971	-
Buildings, Improvements, Equipment and System (net of accumulated depreciation/amortization)	710,670,433	1,341,210,846	2,051,881,279	2,449
Total assets	1,503,543,090	2,420,889,628	3,924,432,718	84,060,414
DEFERRED OUTFLOWS OF RESOURCES				
Fair value of energy risk derivatives	-	305,699	305,699	-
Deferred charges on debt refunding	11,981	102,133	114,114	-
Deferred charges on pensions	108,106,105	33,994,024	142,100,129	-
Deferred charges on OPEB	21,526,883	7,535,102	29,061,985	-
Deferred charges on ARO	-	330,253	330,253	-
Total deferred outflows of resources	129,644,969	42,267,211	171,912,180	-
LIABILITIES				
Accounts payable and accrued liabilities	52,555,236	47,957,347	100,512,583	-
Escrow payable	312,036	1,685,976	1,998,012	-
Retainage payable	5,970,274	2,495,923	8,466,197	-
Accrued interest payable	3,715,817	4,450,579	8,166,396	-
Certificates of oblig.	1,612,731	166,800	1,779,531	
General obligation	2,103,086	51	2,103,137	
Revenue Bonds		4,095,944		
Tax Note	-	-	-	
Collateral	-	187,784	187,784	
Accrued interest offset	(3,715,817)	(4,450,579)	(4,070,452)	
Customer deposits	23,640,922	-	23,640,922	-
Collateral Held	-	52,513,001	52,513,001	-
Derivative instrument-energy risk management	-	305,699	305,699	-
Unearned revenue	33,665,876	45,617	33,711,493	-
Noncurrent Liabilities:				
Due within one year	113,384,075	59,596,171	172,980,246	119,952
Due in more than one year	828,533,905	1,219,695,279	2,048,229,184	10,258,237
Total liabilities	1,061,778,141	1,388,745,592	2,450,523,733	10,378,189
DEFERRED INFLOWS OF RESOURCES				
Fair value of energy risk derivatives	-	91,308	91,308	-
Deferred charges on debt refunding	15,657	2,207,912	2,223,569	-
Deferred charges on pensions	13,838,153	3,201,348	17,039,501	-
Deferred charges on OPEB	3,883,050	1,359,195	5,242,245	-
Deferred charges on leases	1,385,820	-	1,385,820	-
Deferred inflow related to land acquisitions	-	-	-	60,541,973
Total deferred inflows of resources	19,122,680	6,859,763	25,982,443	60,541,973
NET POSITION				
Net investment in capital assets	448,515,142	548,961,054	997,476,196	1,563,500
Restricted for:				
Debt Service	-	734,939	734,939	-
Construction	2,952,254	-	2,952,254	-
Rate Mitigation	-	287,134,591	287,134,591	-
TMRS Escrow	18,907,321	-	18,907,321	-
Housing	4,190,391	-	4,190,391	-
Other Grant Programs	16,847,658	-	16,847,658	-
Unrestricted net position	60,874,472	230,720,900	291,595,372	11,576,752
Total net position	$ 552,287,238	$ 1,067,551,484	$ 1,619,838,722	$ 13,140,252

The notes to the financial statements are an integral part of this statement.

City of Garland, Texas
Statement of Activities
For the Year Ended September 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Unit as of 12/31/2024
Primary Government								
Governmental activities:								
General government	$ 70,906,114	$ 10,781,024	$ 37,762,437	$ 720,000	$ (21,642,653)	$ -	$ (21,642,653)	$ -
Public safety	205,912,292	21,555,287	2,468,840	-	(181,888,165)	-	(181,888,165)	-
Public works	78,141,833	49,448,072	-	7,252,789	(21,440,972)	-	(21,440,972)	-
Culture and recreation	61,979,448	1,171,246	176,061	-	(60,632,141)	-	(60,632,141)	-
Public health	9,470,678	5,950	39,440	-	(9,425,288)	-	(9,425,288)	-
Interest and fiscal charges	17,616,347	-	-	-	(17,616,347)	-	(17,616,347)	-
Total governmental activities	444,026,712	82,961,579	40,446,778	7,972,789	(312,645,566)	-	(312,645,566)	-
Business-type activities:								
Electric	338,909,458	382,080,533	-	239,886	-	43,410,961	43,410,961	-
Water	87,167,665	96,150,243	-	4,947,330	-	13,929,908	13,929,908	-
Wastewater	55,693,836	62,278,209	-	1,046,508	-	7,630,881	7,630,881	-
Golf	7,819,175	4,587,732	-	-	-	(3,231,443)	(3,231,443)	-
Heliport	2,714	8,904	-	-	-	6,190	6,190	-
Storm Water Management	6,310,257	7,571,769	-	71,901	-	1,333,413	1,333,413	-
Parks Performance	1,379,958	2,028,790	-	-	-	648,832	648,832	-
Sanitation	31,242,844	28,668,549	-	-	-	(2,574,295)	(2,574,295)	-
Total business-type activities	528,525,907	583,374,729	-	6,305,625	-	61,154,447	61,154,447	-
Total primary government	$ 972,552,619	$ 666,336,308	$ 40,446,778	$ 14,278,414	(312,645,566)	61,154,447	(251,491,119)	-
Component units								
Garland Housing Finance Corp.	$ 2,140,612	$ 3,356,926	$ -	$ -				$ 1,216,314
	$ 2,140,612	$ 3,356,926	$ -	$ -				
General revenues:								
Sales taxes					54,910,882	-	54,910,882	-
Franchise fees based on gross receipts					8,160,990	-	8,160,990	-
Property taxes					182,673,314	-	182,673,314	-
Hotel/Motel taxes					1,595,434	-	1,595,434	-
Mixed drink taxes					474,345	-	474,345	-
Bingo taxes					129,455	-	129,455	-
Unrestricted investment earnings					21,490,282	24,166,686	45,656,968	342,552
Miscellaneous					184,253	11,039,787	11,224,040	1,802,043
Transfers					14,740,730	(14,740,730)	-	-
Total general revenues and transfers					284,359,685	20,465,743	304,825,428	2,144,595
Change in net position					(28,285,881)	81,620,190	53,334,309	3,360,909
Net position - beginning					580,573,119	985,931,294	1,566,504,413	9,779,343
Net position-ending					$ 552,287,238	$ 1,067,551,484	$ 1,619,838,722	$ 13,140,252

The notes to the financial statements are an integral part of this statement.

City of Garland, Texas
Governmental Funds
Balance Sheet
September 30, 2025

	General	Debt Service	Capital Projects	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 63,865,316	$ 2,557,311	$ 196,146,806	$ 31,401,886	$ 293,971,319
Investments	13,323,468	-	32,532,710	6,000,644	51,856,822
Receivables:					
Accounts, net	26,505,305	-	298,051	5,884,348	32,687,704
Taxes, net	815,772	1,121,495	-	-	1,937,267
Accrued interest	211,191	-	234,686	55,835	501,712
Assessments	16,032	-	-	-	16,032
Due from other funds	17,766,873	-	-	-	17,766,873
Due from other governments	-	-	-	1,139,588	1,139,588
Inventory	441,820	-	-	-	441,820
Prepaid items	103,241	-	-	-	103,241
Total Current Assets	123,049,018	3,678,806	229,212,253	44,482,301	400,422,378
Restricted assets:					
Cash and cash equivalents	18,907,321	-	-	23,794,457	42,701,778
Investments	-	-	-	23,480	23,480
Total Restricted Assets	18,907,321	-	-	23,817,937	42,725,258
Total Assets	$ 141,956,339	$ 3,678,806	$ 229,212,253	$ 68,300,238	$ 443,147,636
LIABILITIES					
Accounts payable and accrued liabilities	$ 22,482,006	$ 161,792	$ 21,894,965	$ 1,405,402	$ 45,944,165
Escrow payable	-	-	28,762	283,270	312,032
Due to other funds	-	-	17,187,543	217,752	17,405,295
Unearned revenues	790,410	-	11,039,857	21,835,609	33,665,876
Retainage payable	-	-	5,970,274	-	5,970,274
Total Liabilities	23,272,416	161,792	56,121,401	23,742,033	103,297,642
DEFERRED INFLOWS OF RESOURCES	12,629,570	1,053,311	41,357	-	13,724,238
FUND BALANCES					
Fund balances:					
Nonspendable	545,061	-	-	-	545,061
Restricted	21,859,575	2,463,703	163,158,602	21,038,049	208,519,929
Committed	31,882,550	-	-	23,590,712	55,473,262
Assigned	19,556,677	-	9,890,893	-	29,447,570
Unassigned	32,210,490	-	-	(70,556)	32,139,934
Total Fund Balances	106,054,353	2,463,703	173,049,495	44,558,205	326,125,756
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 141,956,339	$ 3,678,806	$ 229,212,253	$ 68,300,238	$ 443,147,636

The notes to the financial statements are an integral part of this statement.

City of Garland, Texas
Governmental Funds
Reconciliation of the Balance Sheet to the Statement of Net Position
September 30, 2025

Total fund balances - governmental funds	$	326,125,756
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		934,231,629
Certain receivables will be collected this year, but are not available soon enough to pay for the current period's expenditures and are, therefore, deferred in the funds.		13,724,238
Deferred outflows related to pensions.		95,424,108
Deferred outflows related to OPEB.		18,015,142
Bond interest is not accrued at the fund level.		(3,635,552)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Long-term liabilities consist of:		
Bonds payable		(632,740,000)
Landfill closure costs		(16,611,916)
Compensated absences		(28,323,586)
Unamortized premium on refunding		(30,293,683)
Other Post Employment Benefits liability payable		(71,541,488)
Deferred loss on debt refunding		11,205
Deferred gain on debt refunding		(14,145)
Net pension liability		(90,574,226)
SBITA liability		(9,834,871)
Deferred inflows related to pensions		(12,419,312)
Deferred inflows related to OPEB.		(3,249,622)
Deferred inflows related to Leases.		(1,385,820)
Internal service funds net position adjustment excluding assets and liabilities included in the adjustments listed above. Internal service funds are used by management to charge the costs of various services to individual funds. Certain assets and liabilities of the internal service funds are included with governmental activities in the statement of net position.		64,802,403
Total net position - governmental activities	$	551,710,260

The notes to the financial statements are an integral part of this statement.

City of Garland, Texas
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2025

	General	Debt Service	Capital Projects	Other Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$ 125,680,837	$ 101,908,848	$ -	$ 7,957,855	$ 235,547,540
Franchise fees	8,160,990	-	-	-	8,160,990
Service charges	43,911,450	-	-	-	43,911,450
Licenses and permits	7,372,539	-	-	-	7,372,539
Earnings on investments	4,913,063	974,006	8,879,547	3,066,258	17,832,874
Intergovernmental	8,087,972	-	4,538,671	26,411,278	39,037,921
Charges for services	12,006,330	-	-	-	12,006,330
Fines and forfeits	6,092,920	-	-	-	6,092,920
Rents and concessions	990,367	-	-	-	990,367
Assessments	-	-	42,453	-	42,453
Impact fees	-	-	-	2,491,841	2,491,841
Contributions	-	-	-	720,000	720,000
Program income	-	-	-	308,931	308,931
Court awarded seizures	-	-	-	554,140	554,140
Miscellaneous and other	-	-	16,112,072	1,158,058	17,270,130
Total revenues	217,216,468	102,882,854	29,572,743	42,668,361	392,340,426
EXPENDITURES					
Current:					
General government	18,299,585	-	132,700	-	18,432,285
Public safety	139,917,468	-	-	-	139,917,468
Public works	29,418,405	-	-	-	29,418,405
Culture and recreation	21,355,473	-	-	-	21,355,473
Public health	4,963,515	-	-	-	4,963,515
Nondepartmental	115,049,871	-	-	-	115,049,871
Operations	-	-	-	30,335,210	30,335,210
Capital outlay	20,429,323	-	119,470,336	13,656,678	153,556,337
Debt service:					
Principal	-	37,067,802	-	1,862,198	38,930,000
Interest	-	21,624,969	-	46,601	21,671,570
Other and fiscal expenditures	-	282,747	681,113	-	963,860
Total expenditures	349,433,640	58,975,518	120,284,149	45,900,687	574,593,994
Excess (deficiency) of revenues over (under) expenditures	(132,217,172)	43,907,336	(90,711,406)	(3,232,326)	(182,253,568)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	393,217	-	734,317	-	1,127,534
Transfers in	75,425,259	820,554	48,189,315	11,421,415	135,856,543
Transfers out	(38,125,451)	(45,827,000)	(47,462,826)	(1,158,484)	(132,573,761)
Issuance of debt	130,850,000	-	78,130,000	-	208,980,000
Premium on issuance of debt	-	-	5,443,113	-	5,443,113
Total other financing sources (uses)	168,543,025	(45,006,446)	85,033,919	10,262,931	218,833,429
Net change in fund balances	36,325,853	(1,099,110)	(5,677,487)	7,030,605	36,579,861
Fund balances - beginning	69,728,500	3,562,813	178,726,982	37,527,600	289,545,895
Fund balances - ending	$ 106,054,353	$ 2,463,703	$ 173,049,495	$ 44,558,205	$ 326,125,756

The notes to the financial statements are an integral part of this statement.

City of Garland, Texas
Governmental Funds
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities
For the Year Ended September 30, 2025

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	$ 36,579,861
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense.	109,598,455
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	4,926,173
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(170,169,874)
Other long-term liabilities related to pension expense and contributions, are not due and payable in the current period and therefore, are not reported in governmental funds.	(10,604,387)
Other Post Employment Benefits liability is accrued in the government wide financial statements but not at the fund level.	(3,994,678)
Interest is accrued in the government wide financial statements but not at the fund level. This represents the change in the accrual during the period.	531,221
Internal service funds are used by management to charge the costs of vehicle services, building services, printing services, and insurance services to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	4,847,348
Net change in net position-total governmental activities	$ (28,285,881)

The notes to the financial statements are an integral part of this statement.

City of Garland, Texas
Proprietary Funds
Statement of Net Position
September 30, 2025

	Business-type Activities					Governmental Activities
	Electric	Water	Wastewater	Other Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
ASSETS						
Current assets:						
Cash and cash equivalents	$ 116,027,020	$ 39,207,945	$ 27,323,797	$ 8,448,553	$ 191,007,315	$ 74,693,208
Investments	22,486,471	7,716,742	5,405,790	1,661,847	37,270,850	14,603,160
Receivable, net of allowance	86,975,638	11,098,930	6,328,817	3,961,216	108,364,601	2,036,252
Accrued interest	277,005	71,763	50,076	16,820	415,664	125,694
Inventories	7,117,751	2,685,743	199,174	169,587	10,172,255	279,232
Prepaid expense	964,535	-	-	-	964,535	2,525,259
Total current assets	233,848,420	60,781,123	39,307,654	14,258,023	348,195,220	94,262,805
Noncurrent Assets:						
Restricted assets						
Revenue bond reserve fund:						
Cash and cash equivalents	-	734,582	-	-	734,582	-
Investments	357	-	-	-	357	-
Total revenue bond reserve fund	357	734,582	-	-	734,939	-
Rate mitigation:						
Cash and cash equivalents	180,649,458	-	-	-	180,649,458	-
Investments	105,338,899	-	-	-	105,338,899	-
Accrued interest	1,146,234	-	-	-	1,146,234	-
Total rate mitigation	287,134,591	-	-	-	287,134,591	-
Collateral:						
Cash and cash equivalents	52,513,001	-	-	-	52,513,001	-
Total collateral	52,513,001	-	-	-	52,513,001	-
Construction funds:						
Cash and cash equivalents	157,969	311,339	249,138	7,496,279	8,214,725	49,936
Investments	16,022	16,591	37,180	1,457,181	1,526,974	28,041
Accrued interest	290	108	457	10,600	11,455	91
Total construction funds	174,281	328,038	286,775	8,964,060	9,753,154	78,068
Other Assets	158,038,284	-	-	-	158,038,284	-
Derivative instruments - energy risk management	91,308	-	-	-	91,308	-
Total other assets	158,129,592	-	-	-	158,129,592	-
Capital Assets:						
Land	35,077,871	1,807,965	2,338,807	11,455,600	50,680,243	358,759
Buildings, improvements, equipment and systems	1,116,491,660	409,874,698	656,509,556	61,802,317	2,244,678,231	190,584,122
Construction in progress	70,417,299	20,220,797	57,024,861	8,412,341	156,075,298	4,348,783
Less accumulated depreciation/amortization	(337,773,560)	(179,067,325)	(342,179,822)	(44,446,678)	(903,467,385)	(129,239,096)
Net capital assets	884,213,270	252,836,135	373,693,402	37,223,580	1,547,966,387	66,052,568
Total noncurrent assets	1,382,165,092	253,898,755	373,980,177	46,187,640	2,056,231,664	66,130,636
Total Assets	1,616,013,512	314,679,878	413,287,831	60,445,663	2,404,426,884	160,393,441
Deferred Outflows of Resources						
Deferred charges on debt refundings	95,094	2,371	4,666	2	102,133	776
Deferred charges on pensions	19,057,805	3,530,542	4,945,409	6,460,268	33,994,024	12,681,997
Deferred charges on OPEB	3,470,294	898,681	1,410,239	1,755,888	7,535,102	3,511,741
Deferred charges on derivatives	305,699	-	-	-	305,699	-
Deferred charges on ARO	330,253	-	-	-	330,253	-
Total deferred outflows	23,259,145	4,431,594	6,360,314	8,216,158	42,267,211	16,194,514

The notes to the financial statements are an integral part of this statement.

City of Garland, Texas
Proprietary Funds
Statement of Net Position
September 30, 2025

	Business-type Activities					Governmental Activities
	Electric	Water	Wastewater	Other Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
LIABILITIES						
Current liabilities:						
Payable from current assets						
Accounts payable and accrued liabilities	$ 28,138,617	$ 926,064	$ 7,158,966	$ 2,166,778	$ 38,390,425	$ 6,611,072
Retainage	255,395	-	-	-	255,395	-
Due to other funds	-	-	-	177,242	177,242	184,336
Insurance claims payable	-	-	-	-	-	5,450,263
Accrued interest payable:						
General obligation bonds	-	-	-	51	51	43,655
Certificates of obligation	-	-	-	166,800	166,800	36,612
Collateral	187,784	-	-	-	187,784	-
Revenue bonds	2,533,969	556,541	1,005,434	-	4,095,944	-
Customer deposits	-	-	-	-	-	23,640,922
General obligation bonds (net of unamortized premium)	-	-	-	5,000	5,000	1,750,000
Certificates of obligation	-	-	-	5,105,000	5,105,000	1,175,000
Revenue bonds	32,190,000	8,825,000	10,220,000	-	51,235,000	-
Leases	104,446	-	-	-	104,446	135,157
SBITA	308,702	-	-	-	308,702	2,569,853
OPEB liability-current	-	-	-	-	-	-
Compensated absences	1,705,360	266,472	428,801	437,390	2,838,023	931,091
Derivative instruments-energy risk management	305,699	-	-	-	305,699	-
Total current liabilities	65,729,972	10,574,077	18,813,201	8,058,261	103,175,511	42,527,961
Long-term liabilities:						
Payable from restricted assets						
Accounts payable	6,633,024	1,862,842	181,346	889,710	9,566,922	-
Retainage payable	213,579	156,664	1,870,285	-	2,240,528	-
Collateral payable	52,513,001	-	-	-	52,513,001	-
Escrow payable	1,685,976	-	-	-	1,685,976	-
Total payable from restricted assets	61,045,580	2,019,506	2,051,631	889,710	66,006,427	-
Revenue bonds payable (net of unamortized premium)	739,532,955	114,411,179	175,681,190	-	1,029,625,324	-
Certificates of obligation (net of unamortized premium)	-	-	-	14,111,449	14,111,449	5,366,485
General obligation bonds (net of unamortized premium)	-	-	-	5,080	5,080	5,530,610
Commercial paper	89,795,000	3,000,000	17,000,000	-	109,795,000	-
Unearned revenue	45,617	-	-	-	45,617	-
Leases	235,715	-	-	-	235,715	576,978
SBITA	214,194	-	-	-	214,194	6,146,004
Insurance claims payable	-	-	-	-	-	6,147,849
Asset retirement obligations	607,512	-	-	-	607,512	-
Net OPEB liability	14,276,244	3,697,036	5,801,502	7,223,438	30,998,220	14,446,880
Compensated absences	676,257	91,289	78,162	94,957	940,665	170,697
Net pension liability	18,754,484	3,457,217	4,819,564	6,130,855	33,162,120	12,178,321
Total other liabilities	864,137,978	124,656,721	203,380,418	27,565,779	1,219,740,896	50,563,824
Total non-current liabilities	925,183,558	126,676,227	205,432,049	28,455,489	1,285,747,323	50,563,824
Total Liabilities	990,913,530	137,250,304	224,245,250	36,513,750	1,388,922,834	93,091,785
Deferred Inflows of Resources						
Deferred charges on debt refundings	1,801,937	310,381	95,594	-	2,207,912	1,512
Fair value of energy risk derivatives	91,308	-	-	-	91,308	-
Deferred charges on pensions	1,574,403	314,847	472,287	839,811	3,201,348	1,418,841
Deferred charges on OPEB	625,977	162,106	254,382	316,730	1,359,195	633,428
Total deferred inflows of resources	4,093,625	787,334	822,263	1,156,541	6,859,763	2,053,781
NET POSITION						
Net investment in capital assets	229,352,744	124,600,478	168,936,428	26,071,403	548,961,053	46,026,644
Restricted for:						
Debt service	357	734,582	-	-	734,939	-
Rate mitigation	287,134,591	-	-	-	287,134,591	-
Unrestricted	127,777,810	55,738,774	25,644,204	4,920,127	214,080,915	35,415,745
Total net position	$ 644,265,502	$ 181,073,834	$ 194,580,632	$ 30,991,530	1,050,911,498	$ 81,442,389
Some amounts reported for business-type activities in the Statement of Net Position are different because certain internal service fund assets and liabilities are included with business-type activities.					16,639,986	
Net position of business type activities					$ 1,067,551,484	

The notes to the financial statements are an integral part of this statement.

City of Garland, Texas
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended September 30, 2025

	Business-type Activities					Governmental Activities
	Electric	Water	Wastewater	Other Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES:						
Charges for services	$ 382,080,533	$ 96,150,243	$ 62,278,209	$ 42,865,744	$ 583,374,729	$ 74,300,263
Insurance premiums	-	-	-	-	-	55,165,357
Other	8,951,352	95,132	56,132	85,422	9,188,038	15,972,536
Total Operating Revenues	391,031,885	96,245,375	62,334,341	42,951,166	592,562,767	145,438,156
OPERATING EXPENSES:						
Salaries and benefits	46,050,340	9,653,706	14,936,776	20,859,879	91,500,701	38,810,326
TMPA charges	382,600	-	-	-	382,600	-
Amortization of other assets	11,677,415	-	-	-	11,677,415	-
Energy and fuel purchases	175,120,981	-	-	-	175,120,981	-
Water purchases	-	48,308,611	-	-	48,308,611	-
Landfill fees	-	-	-	3,212,747	3,212,747	-
Maintenance, repairs, and other	21,056,750	7,390,129	10,399,950	11,950,480	50,797,309	43,466,718
Insurance and other expenses	6,790,219	795,409	2,862,469	1,456,463	11,904,560	-
General and administrative	17,561,149	5,817,611	4,940,647	2,871,969	31,191,376	9,150,852
Premiums	-	-	-	-	-	16,950,849
Claims	1,128,075	289,274	455,564	547,923	2,420,836	41,718,475
Administrative services	-	-	-	-	-	961,871
Depreciation	26,723,634	9,711,435	15,278,099	5,031,542	56,744,710	15,210,319
Total Operating Expenses	306,491,163	81,966,175	48,873,505	45,931,003	483,261,846	166,269,410
Total Operating Income (loss)	$ 84,540,722	$ 14,279,200	$ 13,460,836	$ (2,979,837)	$ 109,300,921	$ (20,831,254)
NONOPERATING REVENUES (EXPENSES)						
Intergovernmental	$ -	$ -	$ -	$ 71,901	$ 71,901	$ 1,429,284
Gain (loss) on disposal of capital assets	(1,273,018)	-	-	419,250	(853,768)	435,983
Other	1,851,750	-	-	-	1,851,750	-
Investment income	20,029,684	2,021,570	1,494,549	620,883	24,166,686	3,657,406
Interest expense	(25,154,387)	(3,652,125)	(5,830,165)	(403,756)	(35,040,433)	(671,880)
Income (loss) before transfers and contributions	79,994,751	12,648,645	9,125,220	(2,271,559)	99,497,057	(15,980,461)
Capital contributions	239,886	4,947,330	1,046,508	-	6,233,724	-
TRANSFERS						
Transfers in	18,121,970	2,699,552	3,799,370	9,722,444	34,343,336	15,196,878
Transfers out	(30,775,688)	(8,888,469)	(7,750,355)	(1,669,554)	(49,084,066)	(3,738,930)
Net transfers	(12,653,718)	(6,188,917)	(3,950,985)	8,052,890	(14,740,730)	11,457,948
NET INCOME (LOSS)	67,580,919	11,407,058	6,220,743	5,781,331	90,990,051	(4,522,513)
Net position, beginning of year	576,684,583	169,666,776	188,359,889	25,210,199	959,921,447	85,964,902
Net position, end of year	$ 644,265,502	$ 181,073,834	$ 194,580,632	$ 30,991,530	1,050,911,498	$ 81,442,389
	Some amounts reported for business-type activities in the Statement of Activities are different because the net revenue of certain internal service funds is reported with business type activities				(9,369,861)	
	Change in net position of business-type activities				$ 81,620,190	

The notes to the financial statements are an integral part of this statement.

City of Garland, Texas
Proprietary Funds
Statement of Cash Flows
For the Year Ended September 30, 2025

	Business-type Activities					Governmental Activities
	Electric	Water	Wastewater	Other Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Cash flows from operating activities:						
Cash received from customers	$ 382,429,051	$ 99,295,850	$ 62,327,353	$ 42,379,969	$ 586,432,223	$ 128,938,553
Cash paid to customer deposit	11,253,326	-	-	-	11,253,326	1,336,998
Cash paid to suppliers	(218,384,009)	(65,028,475)	(12,406,062)	(18,639,137)	(314,457,683)	(102,226,630)
Cash paid to employees for services	(44,107,068)	(9,277,349)	(14,447,340)	(20,136,856)	(87,968,613)	(37,631,518)
Other operating revenues	8,951,352	95,132	56,132	85,422	9,188,038	15,972,536
Net cash provided by operating activities	140,142,652	25,085,158	35,530,083	3,689,398	204,447,291	6,389,939
Cash flows from noncapital financing activities:						
Advance to other funds decrease	3,896,269	-	-	-	3,896,269	-
Due from other funds decrease	-	-	-	-	-	1,071,104
Due to other funds increase (decrease)	-	-	-	177,242	177,242	(4,388,263)
Due from other governments increase (decrease)	-	-	-	81,717	81,717	-
Intergovernmental	-	-	-	71,901	71,901	1,429,284
Transfers in	18,121,970	2,699,552	3,799,370	9,722,444	34,343,336	15,196,878
Transfers out	(30,775,688)	(8,888,469)	(7,750,355)	(1,669,554)	(49,084,066)	(3,738,930)
Net cash provided by (used for) noncapital financing activities	(8,757,449)	(6,188,917)	(3,950,985)	8,383,750	(10,513,601)	9,570,073
Cash flows from capital and related financing activities:						
Proceeds from sales of:						
Certificates of obligation	-	-	-	7,235,000	7,235,000	-
Revenue bonds	111,160,000	14,240,000	37,975,000	-	163,375,000	-
Premium on issuance of debt	7,801,482	888,898	2,370,761	343,540	11,404,681	-
Commercial paper	66,600,000	9,000,000	31,000,000	-	106,600,000	-
Acquisition and construction of capital assets	(76,614,867)	(13,091,412)	(48,593,435)	(11,725,027)	(150,024,741)	(10,204,401)
New obligations under capital lease	323,716	-	-	-	323,716	(2,707,036)
Increase (decrease) in advance from other funds	-	-	-	-	-	(3,896,269)
Principal paid on:						
Revenue bonds	(31,855,000)	(7,955,000)	(8,645,000)	-	(48,455,000)	-
Certificates of obligation	-	-	-	(3,935,000)	(3,935,000)	(1,095,000)
General obligation bonds	-	-	-	(5,000)	(5,000)	(1,770,000)
Lease (decrease)	(386,539)	-	-	-	(386,539)	882,881
Payment to escrow agent	(50,089,197)	-	-	-	(50,089,197)	-
Commercial paper	(68,205,000)	(15,000,000)	(40,000,000)	-	(123,205,000)	-
Interest paid on:						
Revenue bonds	(30,127,803)	(4,832,176)	(6,599,022)	-	(41,559,001)	-
Certificates of obligation	-	-	-	(720,914)	(720,914)	(328,085)
General obligation bonds	-	-	-	(526)	(526)	(385,901)
Commercial paper	(2,456,845)	(545,006)	(1,060,651)	-	(4,062,502)	-
Collateral Held	(1,800,069)	-	-	-	(1,800,069)	-
Lease	(26,586)	-	-	-	(26,586)	(282,298)
Proceeds from sale of TMPA mine	1,851,750	-	-	-	1,851,750	-
Contributions	-	96,203	22,942	-	119,145	-
Proceeds from sales of assets	-	-	-	419,250	419,250	487,528
Net cash used for capital and related financing activities	(73,824,958)	(17,198,493)	(33,529,405)	(8,388,677)	(132,941,533)	(19,298,581)

The notes to the financial statements are an integral part of this statement.

City of Garland, Texas
Proprietary Funds
Statement of Cash Flows
For the Year Ended September 30, 2025

	Business-type Activities					Governmental Activities
	Electric	Water	Wastewater	Other Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Cash flows from investing activities:						
Purchase of investment securities	(100,182,118)	(6,817,223)	(5,621,904)	(3,551,309)	(116,172,554)	(12,427,357)
Proceeds from sale and maturities of investment securities	72,106,127	7,305,441	5,147,478	3,331,218	87,890,264	15,246,162
Interest received on investments	19,553,377	2,024,437	1,489,616	621,193	23,688,623	3,686,766
Net cash provided by (used for) investing activities	(8,522,614)	2,512,655	1,015,190	401,102	(4,593,667)	6,505,571
Net increase in cash and cash equivalents	49,037,631	4,210,403	(935,117)	4,085,573	56,398,490	3,167,002
Cash and cash equivalents at beginning of the year	300,309,817	36,043,463	28,508,052	11,859,259	376,720,591	71,576,142
Cash and cash equivalents at end of the year	$ 349,347,448	$ 40,253,866	$ 27,572,935	$ 15,944,832	$ 433,119,081	$ 74,743,144
Reconciliation to Statement of Net Position						
Cash and cash equivalents	$ 116,027,020	$ 39,207,945	$ 27,323,797	$ 8,448,553	$ 191,007,315	$ 74,693,208
Revenue bond cash and cash equivalents	-	734,582	-	-	734,582	-
Rate mitigation cash and cash equivalents	180,649,458	-	-	-	180,649,458	-
Collateral cash and cash equivalents	52,513,001	-	-	-	52,513,001	-
Construction fund cash and cash equivalents	157,969	311,339	249,138	7,496,279	8,214,725	49,936
Total cash and cash equivalents	$ 349,347,448	$ 40,253,866	$ 27,572,935	$ 15,944,832	$ 433,119,081	$ 74,743,144
Reconciliation of Operating Income (loss) to Net Cash Provided by Operating Activities						
Operating income (loss)	$ 84,540,722	$ 14,279,200	$ 13,460,836	$ (2,979,837)	$ 109,300,921	$ (20,831,254)
Adjustments:						
Depreciation/amortization expense	26,723,634	9,711,435	15,278,099	5,031,542	56,744,710	15,210,319
Amortization of other assets	11,677,415	-	-	-	11,677,415	-
Change in allowance for uncollectible accounts	(199,113)	19,647	(8,375)	9,569	(178,272)	(22,725)
Change in assets and liabilities						
Increase in pension related deferred outflows	(11,454,960)	(2,164,034)	(3,087,111)	(4,427,096)	(21,133,201)	(8,171,446)
Decrease in OPEB related deferred outflows	733,161	189,863	297,938	370,961	1,591,923	741,925
(Increase) decrease in accounts receivable	547,631	3,125,960	57,519	(495,344)	3,235,766	(504,343)
(Increase) decrease in inventory	(527,939)	(2,685,743)	(133,782)	(45,550)	(3,393,014)	9,395,928
Increase in other assets	(2,694,921)	-	-	-	(2,694,921)	-
Increase in net pension liability	13,354,043	2,486,615	3,499,680	4,686,707	24,027,045	8,974,326
(Increase) decrease in other prepaid expense	(30,066)	2,262	-	-	(27,804)	255,019
Increase (decrease) in accounts payable	6,139,187	56,765	6,073,643	1,056,646	13,326,241	(407,518)
Increase (decrease) in compensated absences	(99,344)	(3,992)	(45,870)	6,151	(143,055)	(193,893)
Increase in customer deposits	11,253,326	-	-	-	11,253,326	1,336,998
Increase in OPEB liability	86,821	22,484	35,282	43,929	188,516	87,861
Increase in pension related deferred inflows	143,533	57,768	122,737	457,261	781,299	569,824
Decrease in OPEB related deferred inflows	(50,478)	(13,072)	(20,513)	(25,541)	(109,604)	(51,082)
Total adjustments	55,601,930	10,805,958	22,069,247	6,669,235	95,146,370	27,221,193
Net cash provided by operating activities	$ 140,142,652	$ 25,085,158	$ 35,530,083	$ 3,689,398	$ 204,447,291	$ 6,389,939
Noncash investing, capital and financing activities:						
Contributions from developers	239,886	4,851,127	1,023,566	-	6,114,579	-
Decrease in fair value of investments	35,135	11,831	8,334	4,821	60,121	22,426
Change in restricted accounts payable	4,357,721	104,476	(2,387,598)	129,069	2,203,668	(15,093)

The notes to the financial statements are an integral part of this statement.

City of Garland, Texas
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2025

	Other Post Employment Benefits Trust Fund
Assets	
Investments:	
Equity mutual funds	$ 10,267,102
Fixed income mutual funds	12,333,688
Money market fund	909,862
Total investments	23,510,652
Total assets	$ 23,510,652
Net Position	
Net Position restricted for other post employment benefits	23,510,652
Total net position	$ 23,510,652

The notes to the financial statements are an integral part of this statement.

City of Garland, Texas
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2025

	Other Post Employment Benefits Trust Fund
Additions	
Investment earnings	$ 3,353,191
Investment costs	(1,390,042)
Net investment earnings	1,963,149
Employer contributions	8,378,331
Total additions	10,341,480
Deductions	
Administrative expenses	94,048
Payments to beneficiaries	6,533,331
Total deductions	6,627,379
Change in net position	3,714,101
Net position, beginning of year	19,796,551
Net position, end of year	$ 23,510,652

The notes to the financial statements are an integral part of this statement.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City is a municipal corporation governed by an elected mayor and eight-member council. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable.

Discretely Presented Component Unit
The Garland Housing Finance Corporation (GHFC) was organized to finance the cost of residential ownership and development that will provide decent, safe and sanitary housing for residents of the City at affordable prices. GHFC is governed by a board of directors that are appointed by and serve at the discretion of the City Council. GHFC is reported as a proprietary entity and maintains their accounts on an accrual basis of accounting. On October 1, 2012, GHFC hired an outside accounting firm to conduct their bookkeeping and accounting. The financial information for GHFC is included in the statements for the period of January 1, 2024 through December 31, 2024. Complete separate December 31, 2024 financial statements for GHFC may be obtained from the City.

Blended Component Units
The Garland Foundation for Development (GFFD) was organized to promote economic development within the City of Garland. The City Council serves as the board members for GFFD and the Assistant City Manager is the Executive Director. GFFD is reported as a blended component unit of the non-major governmental funds.

In 2018, the City of Garland created the Garland Public Facility Corporation (GPFC) as a public facility corporation under Chapter 303 of the Texas Local Development Code. The GPFC was organized exclusively for the purpose of assisting the City in financing, refinancing, or providing public facilities. The Mayor and City Council serves as the board members of the GPFC. GPFC is reported as a blended component unit of the non-major governmental funds.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers sales tax revenue to be available if they are collected within 30 days of the end of the current fiscal period and all other revenues available if they are collected within 60 days of the end of the annual fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, actuarially determined pension and OPEB expenses, and claims and judgments, are recorded only when payment is due. Grant revenues are recognized as revenues when all eligibility requirements are met.

Property taxes, franchise fees, licenses, mowing liens, sales taxes, EMS fees, court fines, and earnings on investments associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period to the extent they are available as defined above. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the City receives cash.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The Capital Projects Fund accounts for the financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

The City reports the following major proprietary funds:

The Electric Fund accounts for the resources and expenses associated with the administration, operation, maintenance, new construction, financing and related debt service to provide electric service for the residents of the City.

The Water Fund accounts for the resources and expenses associated with the administration, operation, maintenance, new construction, financing and related debt service to provide water service for the residents of the City.

The Wastewater Fund accounts for the resources and expenses associated with the administration, operation, maintenance, new construction, financing and related debt service to provide wastewater treatment service for the residents of the City.

Additionally, the City reports the following fund categories:

Special revenue funds account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes. These specific revenue sources are Community Development Block Grants, Housing Assistance Grants, Neighborhood Services Grants and Funding, Hotel/Motel Tax, Impact Fees, Landfill Closure Funding, Police Training, Substandard Perimeter Road Funding, Narcotic Seizure Funding, Culture & Recreation Grants, Tax Increment Finance funds, Coronavirus Recovery grant funds, GFFD, and GPFC.

The City's nonmajor enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the City is that costs of providing goods and services to the general public on a continuing basis will be financed or recovered through user charges. These funds are the Golf Fund, the Heliport Fund, the Storm Water Management Fund, the Parks Performance Fund, and the Sanitation Fund.

Internal service funds account for group health, self-insurance, long-term disability, fleet services, vehicle replacement, information technology, facilities management, warehouse, and customer services to other departments of the City on a cost reimbursement basis.

The Other Post-Employment Benefits trust fund accounts for the activities of the trust fund which accumulates resources for OPEB related benefits, and is excluded from the government-wide financial statements.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's electric, water, wastewater, sanitation, and various other functions of the City. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and Wastewater systems. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, liabilities, and net position or equity

1. Deposits and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes and the City Council approved investment policy authorize the City to invest in obligations of the Agencies and Instrumentalities of the U.S. Treasury, commercial paper, FDIC insured Certificates of Deposit, repurchase agreements, reverse repurchase agreements, SEC registered no-load money market mutual funds, and investment pools.

The deposits and investments of the OPEB trust fund are held separately from those of other City funds by an outside trustee appointed by the City.

Investments for the primary government, as well as for its component units, are reported at fair value. The Texpool and TexStar investment pools operate in accordance with appropriate State laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

All trade and property tax receivables are shown net of an allowance for uncollectible. The allowance for uncollectible accounts for utility billing is estimated based on collection experience. All other allowance for uncollectible accounts is based on accounts outstanding in excess of 360 days of the invoice date and collection experience. The property tax receivable allowance is based on the average collection rate of delinquent taxes over the last five years.

The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City. Assessed values are established by the Dallas Central Appraisal District at 100% of estimated market value. Property taxes attach an enforceable lien on property as of January 1. Taxes are due immediately following the October 1 levy date and are considered delinquent after January 31 of the following year. Penalty and interest are charged at 7% on delinquent taxes beginning February 1 and increases each month to 18% on July 1. After all collection efforts have failed, the City files suit to collect the delinquent taxes.

In Texas, countywide central appraisal districts are required under the Property Tax Code to assess all property within the appraisal district on the basis of 100% of its appraised value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every five years; however, the City may, at its own expense, require annual reviews by the appraisal district through various appeals and, if necessary, legal action. Under this system the City sets tax rates on property within the City. However, if the effective tax rate, excluding tax rates for bonds and other contractual obligations, adjusted for new improvements, exceeds the rate for the previous year by more than 8%, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8% above the tax rate of the previous year.

3. Inventories and prepaid items

All inventories are valued at average cost and consist of expendable supplies held for consumption or the construction of plant and equipment. Inventories are accounted for under the consumption method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and are accounted for under the consumption method.

4. Restricted assets

Certain proceeds of the City's general obligation bonds, certificates of obligation, and revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet or statement of net position because their use is limited by applicable bond covenants or they are maintained in separate bank accounts due to City Charter requirements. The "rate mitigation" account is used to report resources set aside to subsidize potential deficiencies from Electric Fund operations that could adversely affect rates that are charged to customers. The "revenue bond construction" accounts are used to report those proceeds of revenue bond issuances that are restricted for use in construction of assets.

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements. Capital assets are defined by the City as tangible or intangible assets used in operations with an initial useful life in excess of one year. Capital asset values are established on a department by department basis where the initial asset cost is $5,000 and above.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the government chose to include all such items regardless of their acquisition date or amount. As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value for buildings excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond 40 years. The reported value for infrastructure includes all upgrades and is depreciated over a useful life of 15-50 years. In the case of contributed assets, the City values these capital assets at the acquisition value of the item at the date of its contribution.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets for the electric fund is included as part of the capital value of the electric assets constructed. The total interest expense by the City during the current year was $57,383,883. Of this amount, $2,765,494 was included as part of the cost of capital assets under construction in connection with electric construction projects.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	15 – 40
Improvements other than buildings	5 – 15
Equipment	2 – 10
Systems and Infrastructure	15 – 50

6. Compensated absences

It is the City's policy to permit employees to accumulate earned but unused vacation, compensatory time, and sick pay benefits. Employees are reimbursed upon termination for accumulated vacation and only non-exempt employees are reimbursed for compensatory time. Employees are not reimbursed upon termination for accumulated sick leave except for police and firefighters who are reimbursed up to a maximum of 90 days accumulated sick leave. The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee benefit account) during or upon separation from employment. Based on the criteria listed, the following types of leave quality for liability recognition for compensated absences; vacation, sick leave, and compensatory leave. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

7. Long-term obligations

In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as an expense in the period incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

8. Classifications of Fund balance

Fund balances for governmental funds are reported in classifications that demonstrate the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The governmental fund classifications are as follows:

Nonspendable – The portion of fund balance that cannot be spent because it is either (a) not in spendable form, such as inventories and prepaid items, or (b) legally or contractually required to be maintained intact.
Restricted – The portion of fund balance that is restricted for specific purposes due to constraints imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
Committed – The portion of fund balance that can only be used for specific purposes by the City's highest level of decision-making authority, the City Council, and are imposed by the City Council through an ordinance. Once adopted, the limitation imposed by the ordinance remains in place until an ordinance is imposed to remove or revise the limitation.
Assigned – The portion of the fund balance that is constrained by the City's intent for specific purposes, but are not restricted or committed. In fund balance policy, the City Council delegates authority to the Director of Finance or the Director of Finance's designee to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriation in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.
Unassigned – The portion of the fund balance that is not restricted, committed, or assigned to specific purposes. The General Fund is the only fund that reports a positive unassigned funds balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, if expenditures incurred for specific purposes exceed the amounts that are not restricted, committed, or assigned to this purpose, it may be necessary to report a negative fund balance in that fund.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

In order to remain financially strong and provide a framework for prudent financial management, the City maintains a minimum unassigned fund balance goal in the General fund of 30 days of budget-based operating expenditures.

Fund balances for governmental funds as of September 30, 2025 are:

Fund Balance	*General Fund*	*Debt Service*	*Capital Projects*	*Other Nonmajor Governmental Funds*	*Total Governmental Funds*
Nonspendable:					
General government	$ 545,061	$ -	$ -	$ -	$ 545,061
Total Nonspendable	545,061	-	-	-	545,061
Restricted:					
General government	2,952,254	-	-	15,671,063	18,623,317
Debt service	-	2,463,703	-	-	2,463,703
Public facilities	-	-	163,158,602	-	163,158,602
TMRS Escrow	18,907,321	-	-	-	18,907,321
Housing assistance	-	-	-	4,190,391	4,190,391
Public safety	-	-	-	1,176,595	1,176,595
Total Restricted	21,859,575	2,463,703	163,158,602	21,038,049	208,519,929
Committed:					
General government	3,212,971	-	-	-	3,212,971
Public Safety	-	-	-	1,802,741	1,802,741
Public works and infrastructure	28,669,579	-	-	21,787,971	50,457,550
Total Committed	31,882,550	-	-	23,590,712	55,473,262
Assigned:					
General government	19,556,677	-	9,890,893	-	29,447,570
Total Assigned	19,556,677	-	9,890,893	-	29,447,570
Unassigned	32,210,490	-	-	(70,556)	32,139,934
Total fund balance	$ 106,054,353	$ 2,463,703	$ 173,049,495	$ 44,558,205	$ 326,125,756

9. Fund net position

In the fund financial statements, proprietary funds report restricted net position for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

10. Deferred Inflows/Outflows of Resources

In addition to assets, the statement of net position and balance sheet will report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expenses/expenditure) until then. The City has the following items that qualify for reporting in this category:

- Fair value of energy risk derivative instruments – The deferred charge represents fuel swap hedging activity and is calculated as the difference between the closing futures price at the end of the reporting period, and the futures price at the time the positions were established.
- Deferred charges on refunding – The deferred charge results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunding or the refunded debt.
- Pension and OPEB contributions subsequent to measurement date – The deferred charges result from contributions made after the measurement date of the plans to the current fiscal year end. These charges will be recognized in the subsequent fiscal year end.
- Difference in expected and actual economic experience – The difference is deferred and will be amortized as a component of pension and OPEB expense over the estimated average remaining lives of all members determined as of measurement date.
- Difference in assumption changes – The difference is deferred and amortized over estimated average remaining lives of all members determined as of measurement date.
- Deferred charges on asset retirement obligation – The deferred charge will be recognized as an outflow of resources over the remaining estimated useful life of the asset.

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that quality for reporting in this category:

- Deferred charges on refunding – The deferred charge results from the difference in carry value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunding or the refunded debt.
- Difference in expected and actual economic experience – The difference is deferred and will be amortized as a component of pension and OPEB expense over the estimated average remaining lives of all members determined as of measurement date.
- Difference in projected and actual earnings – The difference is deferred and will be amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.
- Difference in assumption changes – The difference is deferred and amortized over estimated average remaining lives of all members determined as of measurement date.
- Deferred inflows at the fund level – The deferred inflow on the governmental fund statement represents unavailable revenue at year end.
- Deferred inflows on leases – The deferred inflow on the governmental fund statement represents the remaining lease revenue receivable at fiscal year-end.

11. Leases

Lessee

The City is a lessee for noncancellable leases of property and equipment. The City recognizes a lease liability, reported with long-term debt, and a right-to-use lease asset (lease asset) reported with other capital assets, in the government-wide and proprietary fund financial statements.

At the commencement of a lease, the City initially measures the lease liability at the present value of payment expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, purchase option price that the City is reasonable certain to exercise, lease incentives receivable from the lessor, and any other payments that are reasonable certain of being required based on an assessment of all relevant factors.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lessor

The City is a lessor for noncancellable leases of property and equipment. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgements related to leases include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease receivable are composed of fixed payments from the lessee, variable payments from the lessee that are fixed in substance or that depend on an index or a rate, residual value guarantee payments from the lessee that are fixed in substance, and any lease incentives that are payable to the lessee.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

12. Subscription based information technology arrangements (SBITAs)

The City of Garland has noncancellable contracts with subscription based information technology arrangements (SBITA) vendors for the right to use information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets). The City recognizes a subscription liability, reported with long-term debt, and a right-to-use subscription asset (an intangible asset), reported with other capital assets, in the government-wide and proprietary fund financial statements.

At the commencement of a SBITA, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of SBITA payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain initial implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying IT assets.

Key estimates and judgments related to SBITAs include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The City uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City generally uses the estimated incremental borrowing rate as the discount rate for SBITAs.
- The subscription term includes the noncancellable period of the SBITA.
- The subscription payments included in the measurement of the subscription liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, termination penalties if the City is reasonably certain to exercise such options, subscription contract incentives receivable from the SBITA vendor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The City monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

13. New accounting principles

The City implemented the following new GASB standards during the fiscal year ended September 30, 2025:

GASB Statement No. 101, *"Compensated Absences"* (GASB 101), to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statement are effective for periods beginning after December 15, 2023. GASB 101 was implemented in the City's fiscal year 2025 financial statements with no impact to amounts or disclosures previously reported.

The GASB has issued Statement No. 102, *"Certain Risk Disclosures"* (GASB 102), which will be effective in fiscal year 2025. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow or resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date of the financial statements are issued. GASB 102 was implemented in the City's fiscal year 2025 financial statements with no impact to amounts or disclosures previously reported.

GASB issued the following new accounting standards that are expected to be implemented by the City in future years:

The GASB has issued Statement No. 103, *"Financial Reporting Model Improvements"* (GASB 103), which will be effective in fiscal year 2026. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements for MD&A will improve the quality of the analysis of changes from the prior year, which will enhance the relevance of that information. The requirements for the separate presentation of unusual or infrequent items will provide clarity regarding which items should be reported separately from other inflows and outflows of resources. The definitions of operating revenues and expenses and of nonoperating revenues and expenses will replace accounting policies that vary from government to government, thereby improving comparability. The addition of a subtotal from operating income(loss) and noncapital subsidies will improve the relevance of information provided in the proprietary fund statement of revenues, expenses, and changes in fund net position. The requirement for presentation of major component unit information will improve comparability. The requirement that budgetary comparison information be presented as RSI will improve comparability, and the inclusion of the specified variances and the explanations of significant variances will provide more useful information for making decisions and assessing accountability. The City has not yet evaluated the impact of the implementation of this standard.

The GASB has issued Statement No. 104, *"Disclosure of Certain Capital Assets"* (GASB 104), which will be effective in fiscal year 2026. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital assets held for sales if (a) the government has decided to pursue the sale of the capital asset and (b) it is probably that the sale will be finalized within one year of the financial statement date.

II. Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this $632,740,000 difference is as follows:

General Obligation bonds – General Government portion	$434,385,000
Certificates of Obligation – General Government portion	198,355,000
Net adjustment to reduce *fund balance – total governmental funds* to arrive at net position – governmental activities	$632,740,000

The portion of Certificates of Obligation amounting to $6,185,000 was outstanding for Internal Service fund projects. The portion of General Obligation bonds amounting to $7,035,000 was outstanding for Internal Service fund projects.

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balance includes reconciliation between *net changes in fund balances – total governmental funds* and *change in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation states that "the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this ($170,169,874) difference are as follows:

Debt issued or incurred:	
Issuance of certificate of obligation – Governmental Funds	$ (60,120,000)
Issuance of general obligation bonds – Governmental Funds	(148,860,000)
Net premium on issuance of bonds	(5,443,113)
Principal repayments:	
General obligation debt	23,190,000
Certificates of obligation	15,740,000
Amortization of bond premium	5,420,270
Amortization of Lease/SBITA	(260,528)
Change in landfill closure liability	(856,682)
Change in compensated absences liability	1,020,179
Net adjustment to decrease *net changes in fund balances – total governmental funds* to arrive at *changes in net position of governmental activities*	$(170,169,874)

Another element of that reconciliation states that "governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period." The details of this $109,598,455 difference are as follows:

Capital outlays	$ 150,524,282
Developers contributions	3,560,978
General Fund expense outlays	3,032,055
Depreciation expense	(46,159,568)
Loss on disposal of assets	(1,359,292)
Net adjustment to increase *net changes in fund balances – total governmental funds* to arrive at *changes in net position of governmental activities*	$ 109,598,455

III. Stewardship, compliance, and accountability

Deficit fund equity

The Long-Term Disability Insurance Fund deficit of $966,351 is the result of an accrual of claims incurred but not reported of $3,228,223. This accrual was made on the basis of an actuarial analysis completed in 2024 and will be funded in future periods as the payments become due.

The Fleet Services Fund deficit of $324,543 is related to reporting actuarial determined OPEB and pension expenses. The fund is managed on a modified accrual basis. Charges to other operating funds are adjusted annually to meet current operating needs.

The Facilities Management deficit of $362,924 is related to reporting actuarial determined OPEB and pension expenses. The fund is managed on a modified accrual basis. Charges to other operating funds are adjusted annually to meet current operating needs.

The Warehouse Fund deficit of 434,881 is related to reporting actuarial determined OPEB and pension expenses. The Warehouse was outsourced in FY25 and the remaining costs will be closed during the FY26 fiscal year.

The Culture and Recreation Grant Fund deficit of 70,556 is related to expenses incurred after the arborist grant was cancelled. The deficit will be funded in FY26.

IV. Detailed notes on all funds

A. Deposits and investments

Deposits. Consistent with the requirements of State law and the City's investment policy, the City requires all bank and savings bank deposits to be federally insured, fully secured through an FHLB standby letter of credit ("LOC") or collateralized with eligible securities in accordance with Texas Government Code Chapter 2257. The City's deposits were fully insured or collateralized as required by state statutes as of September 30, 2025. Collateral was held by the Federal Reserve Bank in the City name under a joint safekeeping agreement with JP Morgan Chase Bank. The book value of the collateral at the close of the fiscal year was $4,121,000.

As of September 30, 2025, the carrying amount of the City's deposits was $26,034,883 and the bank balance was $3,145,060. These balances include the City's blended component units (Garland Foundation for Development and Garland Public Facility Corporation). On September 30, 2025, the City's bank balance, the bank balance for GFFD, and the bank balance for GPFC were fully collateralized. The carrying value of the Garland Foundation for Development component unit deposits was $475,981 and the carrying value for Garland Public Facility Corporation was $299,016.

Investments. State statutes, the City's Investment Policy, and the City Statement of Investment Strategies govern the investments of the City. The City is authorized to invest in obligations of the U.S. Government and its agencies and instrumentalities, federal agency discount-amortizing notes, federal agency coupon securities, managed pool accounts and Certificates of Deposit. Management believes it is generally compliant with all applicable requirements of bond covenants.

As of September 30, 2025, the City had the following cash equivalents and investments:

Investment Type	Book Value	Fair Value Level 2	% of portfolio	WAM	Rating	Rating Agency
U.S. Treasury	209,905,365	210,648,590	20.41%	225	N/A	N/A
Certificates of Deposit	1,328,176	-	0.13%	1	N/A	N/A
Investment Pools	817,172,264	-	79.46%	60	AAAm	S&P
Total investment fair value	$ 1,028,405,805	$ 210,648,590	100.00%	47		

Weighted average maturity (WAM) of the portfolio by investment type categories reflected in the previous table is stated in days. The rating agency acronyms are defined as follows: S&P-Standard & Poor's rating agency and Moody's-Moody's Investor Service.

Fair Value Measurement. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application* provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets and liabilities in active markets that government can access at the measurement date.
- Level 2 inputs are inputs (other than quoted prices within Level 1) that are observable for an asset and liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. For the City, all of the U.S. Government Agency securities and Municipal obligations are classified in Level 2 of the fair value hierarchy and are valued based on their relationship to benchmark quoted prices. Investment Pools and Certificates of Deposit are measured at amortized cost or net asset value and are exempt from fair value reporting.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits at least half of the City's investment portfolio to maturities of less than five years and a WAM of three years or less. As of September 30, 2025, the WAM for all cash equivalents and investments was 47 days.

Credit risk. The risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized rating organization. The City's investments in U. S. agencies were rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service as of September 30, 2025.

The City invests in Texpool and TexStar to meet its daily liquidity needs. Texpool and TexStar are local government investment pools (LGIPs) that were established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and the Public Funds Investment Act, Chapter 2256 of the Code. These pools qualify to be valued at amortized cost and have no limitations or restrictions on withdrawals. Texpool and TexStar are funds that allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are also adjusted on a daily basis. Such funds seek to maintain a constant net asset value of $1.00, although this cannot be fully guaranteed. Texpool and TexStar are all rated AAAm and must maintain a dollar weighted average maturity not to exceed a 60 day limit. The City considers the holdings in these funds to have a WAM of one day, due to the fact that the share position can usually be redeemed each day at the discretion of the shareholder, unless there has been a significant change in value.

The City invests in Certificates of Deposit. The City has entered into custody services agreement with Stone Castle Cash Management to act as authorized agent to purchase and manage Certificates of Deposit (CDs) in depository banks. The CDs held at each bank are in the City's name and the CD cannot exceed the FDIC insurance amount. Money can be withdrawn from Stone Castle Cash Management with one day notice. The City considers the holding in these CDs to have a weighted average maturity of one day, due to the fact that these funds can be withdrawn with one day notice.

State law limits investments in commercial paper to the top two ratings issued by at least two nationally recognized credit rating agencies. It is the City's policy to limit its investments in these investment types to the top rating issued by national recognized credit rating agencies.

As of September 30, 2025, the City had the following cash equivalents and investments held by the trust agency Public Agency Retirement Services (PARS) for the OPEB trust fund:

Investment Type	Fair Value
Equity Mutual Funds	$ 10,267,102
Fixed Income Mutual Funds	12,333,688
Money Market Fund	909,862
Total investment fair value	$ 23,510,652

B. Receivables

Receivables as of year-end for the City's individual major funds and nonmajor and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Debt Service	Capital Projects	Electric	Water	Wastewater	Other Funds	Total
Receivables:								
Interest	$ 211,191	$ -	$ 234,686	$ 277,005	$ 71,763	$ 50,076	$ 198,349	$ 1,043,070
Taxes	1,988,782	2,734,109	-	-	-	-	-	4,722,891
Utility Accounts	288,940	-	-	27,587,990	9,917,890	6,399,720	5,627,802	49,822,342
Mowing Liens	671,361	-	-	-	-	-	-	671,361
EMS Accounts	1,749,714	-	-	-	-	-	-	1,749,714
Sales Tax	15,726,769	-	-	-	-	-	-	15,726,769
Leases Receivable	1,450,091	-	-	-	-	-	-	1,450,091
Wholesale & Other Accts	8,374,461	-	298,051	59,868,567	1,302,490	414	6,384,336	76,228,319
Assessments	16,032	-	-	-	-	-	-	16,032
Gross Receivables	30,477,341	2,734,109	532,737	87,733,562	11,292,143	6,450,210	12,210,487	151,430,589
Less: allowance for uncollectibles	(2,929,041)	(1,612,614)	-	(480,919)	(121,450)	(71,317)	(130,322)	(5,345,663)
Net total receivables	$27,548,300	$1,121 ,495	$ 532,737	$ 87,252,643	$ 11,170,693	$ 6,378,893	$ 12,080,165	$146,084,926

Governmental funds defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unearned revenue* in the governmental funds were as follows:

	Unearned
Parks service charges for future events	$ 790,412
Homeowner assistance	7,155,248
Other receivables related to capital projects	11,039,856
ARPA funds	14,680,360
	$ 33,665,876

Governmental funds defer revenue recognition in connection with resources that have been earned, but not yet available. These amounts are reported as deferred inflows of resources. At the end of the current fiscal year, the various components of deferred inflows of resources in the governmental funds were as follows:

	Unavailable
Delinquent property taxes receivable (general fund)	$ 766,174
Delinquent property taxes receivable (debt service fund)	1,053,311
Other delinquent receivables (general fund)	10,477,576
Leases receivable	1,385,820
Sales tax, mowing liens, EMS, & other receivables	41,357
	$ 13,724,238

C. Capital Assets

Capital asset activity for the year ended September 30, 2025, was as follows:

Primary government	Balance at Oct. 1, 2024	Increases	Decreases	Balance at Sept. 30, 2025
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 140,065,472	$ 29,520,121	$ (1,968,261)	$ 167,617,332
Internal service land	358,759	-	-	358,759
Construction in progress	266,326,469	120,995,188	(270,032,767)	117,288,890
Internal service construction in progress	13,929,547	4,585,928	(14,166,692)	4,348,783
Total capital assets, not being depreciated	420,680,247	155,101,237	(286,167,720)	289,613,764
Capital assets, being depreciated/amortized:				
Buildings	171,067,741	194,852,766	-	365,920,507
Improvements other than buildings	772,695,925	52,933,765	-	825,629,690
Machinery and equipment	140,676,468	30,522,963	(1,690,627)	169,508,804
Right-to-use SBITA	9,300,386	-	-	9,300,386
Internal service buildings, improvements, and equipment	155,982,763	19,568,489	(2,413,980)	173,137,272
Internal Services leased asset	-	845,661	-	845,661
Internal Services SBITA	12,846,908	3,754,281	-	16,601,189
Total capital assets being depreciated/amortized	1,262,570,191	302,477,925	(4,104,607)	1,560,943,509
Less accumulated depreciation/amortization for:				
Buildings	(72,214,300)	(9,028,829)	-	(81,243,129)
Improvements other than buildings	(504,968,009)	(25,819,254)	-	(530,787,263)
Machinery, furniture, and equipment	(95,397,971)	(12,472,759)	1,657,258	(106,213,472)
Right-to-use SBITA	(1,860,078)	(930,038)	-	(2,790,116)
Internal service buildings, improvements, and equipment	(110,901,931)	(12,248,376)	2,362,435	(120,787,872)
Internal Services leased asset	-	(140,940)	-	(140,940)
Internal Services Right-to-use SBITA	(5,489,280)	(2,821,004)	-	(8,310,284)
Total accumulated depreciation/amortization	(790,831,569)	(63,461,200)	4,019,693	(850,273,076)
Total capital assets, being depreciated/amortized, net	471,738,622	239,016,725	(84,914)	710,670,433
Governmental activities capital assets, net	$ 892,418,869	$ 394,117,962	$ (286,252,634)	$1,000,284,197

	Balance at Oct. 1, 2024	Increases	Decreases	Balance at Sept. 30, 2025
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 47,630,191	$ 3,231,269	$ (181,217)	$ 50,680,243
Construction in progress	81,428,955	154,005,800	(79,359,457)	156,075,298
Total capital assets, not being depreciated	129,059,146	157,237,069	(79,540,674)	206,755,541
Capital assets, being depreciated/amortized:				
Utility buildings, improvements, and equipment	2,165,005,879	84,655,521	(6,936,649)	2,242,724,751
Right-to-use leased asset	409,785	323,716	-	733,501
Right-to-use SBITA	1,219,979	-	-	1,219,979
Total capital assets being depreciated/amortized	2,166,635,643	84,979,237	(6,936,649)	2,244,678,231
Less accumulated depreciation/amortization for:				
Utility buildings, improvements, and equipment	(851,239,004)	(56,337,401)	5,110,290	(902,466,115)
Right-to-use leased asset	(295,596)	(97,891)	-	(393,487)
Right-to-use SBITA	(298,365)	(309,418)	-	(607,783)
Total accumulated depreciation/amortization	(851,832,965)	(56,744,710)	5,110,290	(903,467,385)
Total capital assets, being depreciated/amortized, net	1,314,802,678	28,234,527	(1,826,359)	1,341,210,846
Business-type activities capital assets, net	$1,443,861,824	$ 185,471,596	$ (81,367,033)	$1,547,966,387

Depreciation/amortization expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	$ 2,117,974
Public safety	5,850,546
Public works	29,960,335
Culture and recreation	9,899,353
Public health	422,673
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of assets	15,210,319
Total depreciation/amortization expense – governmental activities	$ 63,461,200
Business-type activities:	
Electric	$ 26,723,634
Water	9,711,435
Wastewater	15,278,099
Other non-major business-type activities	5,031,542
Total depreciation/amortization expense – business-type activities	$ 56,744,710

The City has identified intangible assets related to right of way easements. These assets have been classified as non-depreciating assets and reported in the same method as land assets.

Construction commitments

The City has active construction projects as of September 30, 2025. At year-end the City's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Library	$ 25,341,205	$ 1,018,478
Wastewater System	30,733,761	17,498,450
Electric System	9,379,481	3,022,831
Parks & Recreation	70,442,332	13,532,370
Streets and Drainage	34,580,487	36,905,748
Municipal Facilities	17,738,655	9,690,299
Total	$ 188,215,921	$ 81,668,176

D. Interfund receivables, payables, and transfers

The composition of interfund balances as of September 30, 2025, is as follows:

Interfund Payable	General Fund	Total
Capital Project Funds	$17,187,543	$17,187,543
Non-Major Business	177,242	177,242
Non-Major Governmental	217,752	217,752
Internal Service Funds	184,336	184,336
	$17,766,873	$17,766,873

Interfund balances are created by short-term deficiencies in cash position in individual funds and it is anticipated that these balances will be repaid within one year or less.

During the year, funds were transferred from one fund to support expenditures of another fund in accordance with the authority established for the individual fund. A summary of interfund transfers by fund type is as follows:

	General Fund	Electric	Water	Wastewater	Debt Service Fund	Capital Project Fund	Non-major Governmental Funds	Non-major Business Funds	Internal Service Funds	Total Transfers
General	$ -	$14,497,594	$2,699,552	$3,799,370	$ -	$ 1,699,812	$ 327,700	$ 5,088,045	$10,013,378	$ 38,125,451
Debt Service	-	-	-	-	-	45,750,000	-	-	77,000	45,827,000
Capital Project	31,833,112	-	-	-	-	-	11,093,715	4,535,999	-	47,462,826
NM Governmental	252,000	-	-	-	166,697	739,503	-	-	284	1,158,484
Electric	25,751,716	-	-	-	219,803	-	-	-	4,804,169	30,775,688
Water	8,737,096	-	-	-	125,703	-	-	-	25,670	8,888,469
Wastewater	7,585,236	-	-	-	127,723	-	-	-	37,396	7,750,355
Non-major Business	1,266,099	-	-	-	164,474	-	-	-	238,981	1,669,554
Internal Service	-	3,624,376	-	-	16,154	-	-	98,400	-	3,738,930
	$75,425,259	$18,121,970	$2,699,552	$3.799.370	$820,554	$48,189,315	$11,421,415	$9,722,444	$15,196,878	$185,396,757

Transfers are used to move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations; in-lieu-of franchise fees and ad valorem taxes transferred to the General Fund by Water, Wastewater, and Solid Waste; return on investment transferred to the General Fund from the Electric Fund; debt service transfers for payment of principal and interest as these payments are due; and other miscellaneous transfers in accordance with budgetary authorizations.

E. Long-term liabilities

A summary of long-term liabilities, including current portion, for the year ended September 30, 2025, is as follows:

	Balance at Oct. 1, 2024	Increased	Retired	Balance at Sept. 30, 2025	Due within one year
Governmental activities:					
General obligation bonds	$ 317,520,000	$ 148,860,000	$ (24,960,000)	$ 441,420,000	$ 71,300,000
Certificates of obligation	161,255,000	60,120,000	(16,835,000)	204,540,000	17,920,000
Unamortized premium and defeased debt costs	31,148,831	5,443,113	(5,696,167)	30,895,777	-
Landfill post closure cost	15,755,233	856,682	-	16,611,915	-
Compensated absences	30,639,449	3,430,449	(4,644,524)	29,425,374	14,977,791
Capital Lease	-	845,661	(133,526)	712,135	135,157
SBITA	15,185,891	3,864,857	(3,646,848)	15,403,900	3,373,181
Insurance claims payable	11,087,783	510,329	-	11,598,112	5,450,263
OPEB liability	88,019,651	538,569	-	88,558,220	227,683
Net pension liability	24,449,759	78,302,788	-	102,752,547	-
Governmental activities Long-term debt	$ 695,061,597	$ 302,772,448	$ (55,916,065)	$ 941,917,980	$ 113,384,075
Business-type activities:					
Utility System revenue bonds	$ 956,915,000	$ 163,375,000	$ (97,750,000)	$ 1,022,540,000	$ 51,235,000
General obligation bonds	15,000	-	(5,000)	10,000	5,000
Certificates of obligation	15,215,000	7,235,000	(3,935,000)	18,515,000	5,105,000
Unamortized premium and defeased debt costs	59,466,170	9,136,550	(9,580,867)	59,021,853	-
Commercial Paper	126,400,000	106,600,000	(123,205,000)	109,795,000	-
Compensated absences	3,921,742	761,645	(904,699)	3,778,688	2,838,023
Lease	106,026	323,716	(194,027)	235,715	104,446
SBITA	819,854	-	(192,512)	627,342	308,702
OPEB liability	30,809,704	188,516	-	30,998,220	-
Net pension liability	9,135,075	24,027,045	-	33,162,120	-
Asset retirement obligations	589,817	17,695	-	607,512	-
Business-type activities Long-term debt	$ 1,203,393,388	$ 311,665,167	$ (235,767,105)	$ 1,279,291,450	$ 59,596,171

Internal Service Funds predominantly serve the governmental funds. Accordingly, long-term liabilities for those funds are included as part of the above totals for governmental activities. At year-end $7,035,000 of general obligation bond debt, $6,185,000 of certificates of obligation, $1,101,788 of compensated absences, $602,095 of unamortized premium costs, $12,178,321 of pension liabilities, and $14,446,880 of OPEB liabilities from the Internal Service Funds are included in the governmental activities general obligation bonds, certificates of obligation, compensated absences, and OPEB liabilities. Also, for the governmental activities, compensated absences, net pension liabilities, and OPEB claims payable are generally liquidated by the General Fund. For the business-type activities, compensated absences, net pension liability, OPEB claims payable, and leases payable are liquidated with resources from the enterprise fund.

The proceeds of $67,355,000 from the sale of certificates of obligation and $148,860,000 of refunded general obligation bonds and pension obligation bond for governmental activities are reported as follows:

Fund	Certificates of Obligation	General Obligation Debt	Total Bonded Debt
General Fund – proceeds from issuance of debt	$ -	$ 130,850,000	$ 130,850,000
Capital Project Fund – proceeds from issuance of debt	60,120,000	18,010,000	78,130,000
Non Major Business Fund statement of cash flows – proceeds from sale	7,235,000	-	7,235,000
Total	$ 67,355,000	$ 148,860,000	$ 216,215,000

Long-term debt at September 30, 2025, includes the following individual issues (not including the unamortized premium costs of $89,917,628):

	Interest Rate (%)	Issue Date	Maturity Date	Original Issue	Cumulative Retirement	Outstanding
General obligation bonds:						
2015A Refunding	2.00 – 5.00	2/19/2015	2/15/2035	22,695,000	8,740,000	13,955,000
2015B Refunding	2.00 – 2.55	2/19/2015	2/15/2025	22,490,000	22,490,000	-
2016 Refunding	5.00 -- 5.00	12/14/2016	2/15/2027	42,040,000	40,125,000	1,915,000
2017 Refunding	2.00 – 5.00	6/13/2017	2/15/2035	41,140,000	33,325,000	7,815,000
2018 Refunding	5.00 -- 5.00	12/20/2018	2/15/2029	47,270,000	30,610,000	16,660,000
2019 Refunding	4.00 – 4.50	12/03/2019	2/15/2030	22,390,000	4,275,000	18,115,000
2021 Refunding	2.00 – 4.00	6/30/2021	2/15/2041	39,340,000	5,880,000	33,460,000
2022 Refunding	4.00 – 5.00	5/31/2022	2/15/2042	47,200,000	-	47,200,000
2022 Taxable Refunding	2.90 – 3.45	5/31/2022	2/15/2026	6,070,000	4,880,000	1,190,000
2023 Refunding	4.00 – 5.00	5/31/2023	2/15/2043	45,285,000	-	45,285,000
2023 Taxable Refunding	4.00 – 5.00	5/31/2023	2/15/2029	10,085,000	3,035,000	7,050,000
2024 Refunding	4.00 – 5.00	5/16/2024	2/15/2044	91,705,000	-	91,705,000
2024 Taxable Refunding	4.96 – 5.21	5/16/2024	2/15/2028	10,105,000	1,885,000	8,220,000
2025 General Obligation	5.00 – 5.00	6/1/2025	2/15/2045	18,010,000	-	18,010,000
2025 Pension Obligation	4.011 – 5.670	9/17/2025	2/15/2045	130,850,000	-	130,850,000
				$ 596,675,000	$ 155,245,000	$ 441,430,000
Certificates of Obligation:						
2012 Various purpose	2.00 – 3.375	6/01/2012	2/15/2032	$ 6,755,000	$ 5,855,000	$ 900,000
2013 Various purpose	2.00 – 4.00	6/06/2013	2/15/2033	12,725,000	11,690,000	1,035,000
2014 Various purpose	2.00 – 4.00	6/19/2014	2/15/2034	13,475,000	11,935,000	1,540,000
2015 Various purpose	2.50 – 5.00	6/30/2015	2/15/2035	18,205,000	15,390,000	2,815,000
2016 Various purpose	2.00 – 5.00	6/01/2016	2/15/2036	20,210,000	14,700,000	5,510,000
2017 Various purpose	2.00 – 5.00	6/13/2017	2/15/2037	18,140,000	12,260,000	5,880,000
2018 Various purpose	3.375 – 5.00	6/26/2018	2/15/2038	29,955,000	15,650,000	14,305,000
2019 Various purpose	3.00 – 5.00	6/19/2019	2/15/2039	25,125,000	10,030,000	15,095,000
2020 Various purpose	2.00 – 5.00	6/16/2020	2/15/2040	16,510,000	9,375,000	7,135,000
2021 Various purpose	2.00 – 5.00	6/30/2021	2/15/2041	20,725,000	7,505,000	13,220,000
2022 Various purpose	4.00 – 5.00	5/31/2022	2/15/2042	29,380,000	8,645,000	20,735,000
2023 Various purpose	4.00 – 5.00	5/31/2023	2/15/2043	34,410,000	4,765,000	29,645,000
2024 Various purpose	4.00 – 5.00	5/30/2024	2/15/2044	40,595,000	2,710,000	37,885,000
2025 Various purpose	5.00 – 5.00	6/1/2025	2/15/2045	67,355,000	-	67,355,000
				$ 353,565,000	$ 130,510,000	$ 223,055,000

	Interest Rate (%)	Issue Date	Maturity Date	Original Issue	Cumulative Retirement	Outstanding
Utility system revenue bonds:						
2013 Electric Utility	2.00 – 2.25	6/06/2013	3/01/2025	11,790,000	11,790,000	-
2014 Electric Utility	2.00 – 5.00	6/30/2014	3/01/2034	85,305,000	85,305,000	-
2015 Electric Utility	2.00 – 5.00	2/19/2015	3/01/2025	15,355,000	15,355,000	-
2016A Electric Utility	2.00 – 5.00	12/14/2016	3/01/2026	12,055,000	10,440,000	1,615,000
2016B Electric Utility	4.00 – 5.00	12/14/2016	3/01/2037	36,875,000	10,595,000	26,280,000
2016 Water & Wastewater	3.00 – 5.00	12/14/2016	3/01/2027	16,715,000	12,705,000	4,010,000
2017 Water & Wastewater	4.00 – 5.00	6/13/2017	3/01/2028	21,430,000	14,085,000	7,345,000
2018 Electric Utility Ref	3.625 – 5.00	6/12/2018	3/01/2048	31,985,000	6,430,000	25,555,000
2018 Water & Wastewater Ref	3.50 – 5.00	6/12/2018	3/01/2038	48,310,000	11,400,000	36,910,000
2018A Water & Wastewater Ref	3.00 – 5.00	12/20/2018	3/01/2029	9,700,000	5,265,000	4,435,000
2019 Electric Utility Ref	4.00 – 5.00	2/26/2019	3/01/2049	147,610,000	17,165,000	130,445,000
2019 Water & Wastewater	.17 – .89	8/02/2019	3/01/2034	6,670,000	2,615,000	4,055,000
2019A Electric Utility	4.00 – 5.00	12/03/2019	3/01/2050	140,790,000	52,115,000	88,675,000
2019A Water & Wastewater	3.00 – 5.00	12/03/2019	3/01/2040	50,865,000	19,180,000	31,685,000
2020 Electric Utility	3.00 – 5.00	6/16/2020	3/01/2050	34,145,000	2,775,000	31,370,000
2021 Electric Utility	2.00 – 5.00	2/25/2021	3/01/2051	52,260,000	5,080,000	47,180,000
2021 Water & Wastewater	2.00 – 4.00	2/25/2021	3/01/2041	34,725,000	6,080,000	28,645,000
2021A Electric Utility	3.00 – 5.00	9/01/2021	3/01/2051	53,185,000	2,885,000	50,300,000
2021B Electric Utility	.0459 – 3.20	9/01/2021	3/01/2051	153,105,000	5,775,000	147,330,000
2022 Water & Wastewater	4.00 – 5.00	5/31/2022	3/01/2042	44,350,000	4,645,000	39,705,000
2023 Electric Utility	4.25 – 5.00	5/31/2023	3/01/2053	72,610,000	1,165,000	71,445,000
2023 Water & Wastewater	4.00 – 5.00	8/24/2023	3/01/2043	38,680,000	1,540,000	37,140,000
2024 Water & Wastewater	4.00 – 5.00	5/30/2024	3/01/2044	46,370,000	1,330,000	45,040,000
2024 Electric Utility	4.00 – 5.00	12/17/2024	3/1/2055	111,160,000	-	111,160,000
2025 Water & Wastewater	5.00 – 5.00	6/26/2025	3/1/2045	52,215,000	-	52,215,000
				$1,328,260,000	$305,720,000	$1,022,540,000

	Interest Rate (%)	Issue Date	Maturity Date	Original Issue	Net Retirement	Outstanding
Tax anticipation notes						
2024 Tax anticipation	4.098	9/26/202	11/15/2025*	45,750,000	45,750,000	-
				$ 45,750,000	$ 45,750,000	$ -

*The City considers this short-term. The notes were called and final payment was made on February 15, 2025. The City did not issue a tax anticipation note in FY2025.

	Interest Rate (%)	Issue Date	Maturity Date	Original Issue	Net Retirement	Outstanding
Commercial Paper						
2021 Electric Commercial Paper Issue R-24	3.420-13.165	8/29/2025	10/31/2025	$ 89,795,000	$ -	$ 89,795,000
2015 Water/Wastewater Commercial Paper Issue	2.900	7/17/2025	10/15/2025	10,000,000	-	10,000,000
2015 Water/Wastewater Commercial Paper Issue	2.750	8/20/2025	10/15/2025	10,000,000	-	10,000,000
				$ 109,795,000	$ -	$109,795,000

Commercial paper notes (CP) related to the enterprise funds are considered long-term instruments. Interest is paid at maturity but principal is rolled forward by issuing new CP. This process continues, typically for three years, until revenue bonds are issued to refinance outstanding CP. Only after revenue bonds are issued do principal payments begin. The combined amortization of the electric revenue bonds is set to not exceed 30 years. The combined amortization of the water and wastewater revenue bonds is set to not exceed 20 years. Utilization of CP enables the City to lower overall debt payments due to the deferral of principal payments and by taking advantage of lower interest rates. CP is only issued as the funds are required throughout the year. Only projects that have been approved as part of a bond referendum may be revenue commercial paper.

The annual requirements to amortize outstanding debt as of September 30, 2025, including interest payments of $747,113,100 are summarized in the table below. Due to the nature of the obligation for compensated absences, annual requirements to amortize such obligations are not determinable, and are excluded from the summary:

	Governmental Activities					
Years Ending September 30,	General Obligation Bonds		Certificates of Obligation		Leases/SBITA	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 71,300,000	$ 18,324,123	$ 17,920,000	$ 9,390,025	$ 3,508,338	$ 467,658
2027	21,625,000	16,255,369	17,630,000	8,119,338	3,430,026	447,355
2028	21,620,000	15,262,730	16,010,000	7,315,116	2,352,031	343,092
2029	17,935,000	14,349,636	15,080,000	6,574,631	2,048,735	233,173
2030	17,220,000	13,530,490	14,155,000	5,882,113	2,173,877	163,142
2031-2035	97,490,000	55,135,060	60,895,000	20,188,322	2,603,028	144,104
2036-2040	108,015,000	32,675,078	37,420,000	9,690,625	-	-
2041-2045	86,215,000	8,647,322	25,430,000	2,561,574	-	-
Total	$441,420,000	$174,179,808	$204,540,000	$ 69,721,744	$ 16,116,035	$ 1,798,524

	Business-type Activities							
Years Ending September 30,	Revenue Bonds		General Obligation Bonds		Certificates of Obligation		Leases/SBITA	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 51,235,000	$ 42,808,990	$ 5,000	$ 275	$ 5,105,000	$ 841,663	$ 413,148	$ 27,290
2027	52,365,000	39,965,145	-	150	4,670,000	548,050	210,708	12,464
2028	52,380,000	37,532,429	5,000	75	3,880,000	334,300	220,613	5,990
2029	51,165,000	35,127,028	-	-	2,590,000	172,550	18,588	58
2030	52,305,000	32,721,983	-	-	1,295,000	75,500	-	-
2031-2035	201,135,000	135,152,052	-	-	305,000	181,300	-	-
2036-2040	190,710,000	93,921,099	-	-	380,000	101,800	-	-
2041-2045	177,425,000	55,813,486	-	-	290,000	23,600	-	-
2046-2050	149,315,000	22,959,946	-	-	-	-	-	-
2051-2055	44,505,000	3,085,801	-	-	-	-	-	-
Total	$1,022,540,000	$499,087,959	$ 10,000	$ 500	$ 18,515,000	$ 2,278,763	$ 863,057	$ 45,802

At September 30, 2025, the City has authorized but unissued general obligation bonds in the amount of $584,361,586 as follows:

	Balance at Oct. 1, 2024	2025 General Obligation Bonds Authorized	General Obligation Bonds Issued	Balance at Sept. 30, 2025
Streets Improvements	$ 114,439,855	$ 230,000,000	$ 4,010,000	$ 340,429,855
Park Improvements	32,332,430	30,000,000	7,500,000	54,832,430
Drainage Improvements	45,949,042	-	1,000,000	44,949,042
Municipal Facilities	6,428,975	-	-	6,428,975
Cultural Arts Facility	-	25,000,000	-	25,000,000
Library Improvements	6,358,550	-	4,000,000	2,358,550
Public Safety	16,497,807	-	1,500,000	14,997,807
Animal Shelter	73,513	-	-	73,513
Economic Development	20,291,414	75,000,000	-	95,291,414
	$ 242,371,586	$ 360,000,000	$ 18,010,000	$ 584,361,586

A reconciliation was performed in FY2025 to the authorized but unissued general obligation bonds and it was determined that corrections were necessary. The beginning balances have been restated to correctly reflect the outstanding balances.

General Obligation Refunding Bonds do not impact the authorized but unissued General Obligation bonds. The City intends to retire all general long-term debt, plus interest, from ad valorem taxes and other current revenues. Revenue Bonds, applicable Certificates of Obligation and applicable General Obligation Bonds are reflected in the appropriate Proprietary Fund operation. Current requirements for principal and interest expenses are accounted for in the appropriate Proprietary Fund operation.

The City has pledged future Electric, Water and Wastewater utility revenues, net of specified operating expenses, to repay $1,118,900,124 in outstanding Electric Utility System Revenue Bonds and $402,727,835 in outstanding Water & Wastewater Utility System Revenue Bonds. Proceeds from the revenue bonds provide financing for the acquisition and construction of various Electric, Water and Wastewater assets. The bonds are payable solely from Electric net revenues and are payable through 2055. Water and Wastewater bonds are payable solely from net revenues from Water and Wastewater and are payable through 2045. Principal paid and interest incurred for the current year was as follows:

Utility Revenue Bonds	Principal	Interest	Total	Pledged Revenue
Electric	$ 31,855,000	$ 30,127,803	$ 61,982,803	$ 160,281,170
Water & Wastewater	16,600,000	11,431,198	28,031,198	64,172,247

Certificates of Obligation and General Obligation Bonds applicable to Proprietary Fund operations are reflected in the appropriate Enterprise and Internal Service Funds and current requirements for principal and interest expenses are accounted for in the applicable fund. These requirements will be met by current revenues.

Debt issues for the year are as follows:

Issue	Principal	Purpose
Certificates of Obligation, Series 2025	$ 67,355,000	Acquiring, constructing, renovating, improving, installing and equipping park and recreational improvements and the acquisition of land and interests in land related thereto; constructing, renovating and equipping municipal drainage improvements; constructing and improving street, including related sidewalks, cycle paths, signage and signalization, landscaping, streetscaping, drainage, utility line relocations and the acquisition of land and rights-of-way therefore; acquisition of vehicles and equipment for the fire, and police departments and programs; constructing, renovating, installing and equipping of buildings, streets and traffic control facilities, and public safety facilities for the police and fire departments, and parks and recreation department; acquisition of vehicles and equipment for, and acquiring, constructing, installing and equipping additions, extensions, renovations and improvements for the City's sanitation department, including the landfill and transfer station; and paying all or a portion of the City's contractual obligations for professional services including engineers, architects, attorneys, map makers, auditors, and financial advisors, in connection with said projects and said Certificates.
General Obligation Refunding Bonds, Series 2025	18,010,000	Fund parks and recreation facilities and improvements, street improvements, drainage improvements, public safety facilities and improvements, and library improvements; and pay the costs of issuance associated with the sale of the Bonds.
Electric Utility System Revenue Refunding Bonds, New Series 2024	111,160,000	Commercial paper refunding/
Water & Wastewater System Revenue Refunding Bonds, New Series 2025	52,215,000	Revenue bond and commercial paper refunding
General Obligation Pension Bonds, Taxable Series 2025	130,850,000	Provide funds to pay a portion of the City's unfunded, accrued liability to the Texas Municipal Retirement System; and pay the costs associated with the issuance of the Bonds.

On December 17, 2024, the City issued $111,160,000 in Electric Utility System Revenue Refunding Bonds, New Series 2024 to refund $49,295,000 of outstanding Electric Utility System Revenue Bonds, New Series 2014, and takeout $68,205,000 of outstanding commercial paper. The refunded bonds are considered defeased and the liability for those bonds have been removed from the City's financial statements. As a result of the refunding, the City decreased its total debt service payments over the next ten years by $4,820,719, and obtained an economic gain (difference between the present values of the debt service payments of the old and new debt) of $4,115,806.

On May 16, 2025, the City issued $52,215,000 in Revenue Refunding Bonds, New Series 2025 to takeout $55,000,000 of outstanding commercial paper.

In current and prior years, the City legally defeased certain bonds and certificates of obligation by placing cash and/or proceeds of refunding bond issues in an irrevocable trust to provide for all future debt services payments on the refunded debt. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. As of Sept. 30, 2025, there were no outstanding balances of defeased bonds.

The Tax Reform Act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to issuance of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed or are not performed correctly, a liability to the City could result. The City periodically engages an arbitrage consultant to perform the calculations in accordance with the Internal Revenue Service's rules and regulations. The City did not identify and material arbitrage liability as of Sept. 30, 2025.

Leases Payable

The City has entered into lease agreement as a lessee. The lease allows the right to use office space over the term of the lease. The City is required to make monthly payments at its incremental borrowing rate or the interest rate stated or implied within the lease. The lease rate, term, and end balance are as follows:

Business-Type Activities	Final Maturity	Interest Rate	Liability at Commencement	Ending Balance
Office space	11/30/2028	2.49%	$733,501	$235,715

Governmental Activities	Final Maturity	Interest Rate	Liability at Commencement	Ending Balance
Office Space	09/30/2030	2.59%	$845,661	$712,135

Subscription Based Information Technology Arrangements (SBITA)
The City has entered into multiple SBITAs that allow the right-to-use the SBITA vendor's information technology software over the subscription term. The City is required to make monthly, quarterly, or annual payments at its incremental borrowing rate or the interest rate stated or implied within the SBITAs. The SBITA rate, term, and ending subscription liability are as follows:

	Interest Rate(s)	Subscription Term in Years	Ending Balance
Governmental activities			
Public Safety software	3.48%	9 years	$ 6,710,132
HCM/Finance software	3.16% – 3.48%	7 years	4,062,284
Operational software	3.16% – 3.48%	10 years	3,472,670
Other Arrangements	3.31%	5 years	1,158,814
Total governmental activities			$ 15,403,900
Business-type activities			
Other arrangements	2.57% -- 3.65%	5 years	$ 627,342
Total business-type activities			$ 627,342

The value of the subscription assets as of the end of the current year was $13,684,865 and had accumulated amortization of $10,553,709.

F. Retirement Plans

Plan Description

The City participates as one of 938 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act), as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at www.tmrs.com.

All eligible employees of the City are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the member's benefit is calculated based on the sum of the Member's contributions, with interest, and the city-financed monetary credits with interest. The retiring Member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the total Member contributions and interest.

At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credit for service since the plan began are 200% of the employee's accumulated contributions. In addition, the City granted another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his/her salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

A summary of the plan provisions for the City are as follows:

Employee deposit rate	7%
Matching ratio (City to employee)	2 to 1
Years required to vesting	5
Service retirement eligibility	age 60 with five or more years of service or with 20 years of service regardless of age

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1,874
Inactive employees entitled to but not yet receiving benefits	1,070
Active employees	2,152
	5,096

Contributions

Member contribution rates in TMRS are either 5%, 6%, or 7% of Member's total compensation, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The city's contribution rate is based on the liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time.

Employees of the City were required to contribute 7% of their annual compensation during the fiscal year. The contribution rates for the City were 11.53% and 17.92% in calendar years 2024 and 2025, respectively. The City's contributions to TMRS for fiscal year 2025, were $32,641,892, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2024, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on service-related table. Mortality rates for active members are based on the PUB (10) mortality tables with 100% of the Public Safety table used for males and 100% of the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4_year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over a four-year period from December 31, 2018 to December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rate (APRs) is based on the Mortality Experience Investigation Study covering 2009 thru 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage. The target allocation and best estimates of the expected return for each major asset class in fiscal year 2025 are summarized in the following table:

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return (Arithmetic)	
Global Equity	35.0	%	7.10	%
Core Fixed Income	6.0		5.00	
Non-Core Fixed Income	6.0		6.80	
Other Public and Private Markets	4.0		7.30	
Real Estate	12.0		6.70	
Hedge Funds	5.0		6.40	
Infrastructure	6.0		6.00	
Private Debt	13.0		8.20	
Private Equity	13.0		8.50	
Total	100.0	%		

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that Member and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefits payments to current active and inactive Members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability (Asset)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balance at December 31, 2023	$1,195,734,041	$ 1,162,149,207	$ 33,584,834
Changes for the year:			
Service Cost	34,499,150		34,499,150
Interest (on the total pension liability)	88,223,013		88,223,013
Change in benefit terms including substantively automatic status	127,899,258		127,899,258
Difference between expected and actual experience	6,519,048		6,519,048
Benefit payments, including refunds of employee contributions	(67,750,551)	(67,750,551)	-
Contributions-employer		21,578,574	(21,578,574)
Contributions – employee		13,559,072	(13,559,072)
Net investment income		120,465,537	(120,465,537)
Administrative expense		(774,435)	774,435
Other		(18,112)	18,112
Net changes	189,389,918	87,060,085	102,329,833
Balance at December 31, 2024	$1,385,123,959	$ 1,249,209,292	$ 135,914,667

Sensitivity of the net pension liability (asset) to changes in the discount rate

The following presents the net pension liability (asset) of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1 % Increase 7.75%
$ 308,710,018	$ 135,914,667	$ (8,360,734)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at www.tmrs.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pensions

For the year ended September 30, 2025, the City recognized pension expense of $158,704,009.

At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	$ 4,944,398	$ (3,060,117)
Difference in assumption changes	-	(2,783,012)
Difference between projected and actual investment earnings on pension plan investments	-	(11,196,372)
Employer contributions subsequent to the measurement date	137,155,731	-
	$ 142,100,129	$ (17,039,501)

Deferred inflows of resources of $137,155,734 related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2026. Other amounts reported as deferred outflows and inflows or resources related to pension will be recognized in pension expense as follows:

Year ended September 30,	
2026	$ (138,539)
2027	13,981,928
2028	(17,754,847)
2029	(8,183,645)
Total	$ (12,095,103)

G. Other postemployment benefits

City of Garland other postemployment benefit plan

Plan Description

The City makes available health care benefits to all employees who work for the City of Garland a minimum of five years, meet the Texas Municipal Retirement System (TMRS) criteria listed on page 73, and elect coverage at the time of retirement and maintain continuous, uninterrupted coverage. Benefit provisions are established by management and funding is approved by City Council annually, during the budget process.

In 2008, the City established an irrevocable trust fund in an effort to begin funding the actuarial determined OPEB unfunded liability and to ensure that funding is available in the future for retiree medical benefits. In 2025, the City Council approved a transfer of $1,845,000 to the trust, and a long-term funding strategy was implemented to increase the annual contribution to this trust with a goal of fully funding the annual OPEB obligation after ten years.

The OPEB trust investments are held in the Public Agencies Retirement Services (PARS) Post-retirement Health Care Plan Trust by its trustee, US Bank. US Bank has delegated investment management responsibilities to HighMark Capital Management, Inc. (Investment Manager), a SEC-registered investment advisor. The Trust investment guideline mandates a diversified portfolio designed to generate long-term returns that, when combined with contributions, will result in sufficient assets to pay future obligation associated with the retiree health plan.

Benefits Provided

The City of Garland provides insurance to eligible pre-65 retirees, their spouses and dependents through the City's self-insured group health plan. Post-65 retirees are offered a fully insured Medicare Supplement Plan through Hartford, who assumes all claims risk liability on this group of retirees. The City makes contributions towards retiree health care benefits. However, the City reduces its liability and risk by capping the annual increase to the City contribution to a maximum of 3% per year. For FY2025, the monthly City contribution per participant for the retiree group as a whole was $548.34.

As of December 31, 2023 biennial actuarial valuation, the Plan's membership consisted of the following:

Number of plan members	Medical
Retirees and dependents currently receiving benefits	1,025
Inactive members entitled to benefits, but not yet receiving them	-
Active members	1,983
Total	3,008

Contributions and Funding Policy

The City has the authority to establish and amend the Plan contributions. The City makes an annual contribution to the Trust fund; the funding is established and approved by City Council as part of the City budget process. For the year ended September 30, 2025, the City's average contribution rate was 3.24 percent of the covered payroll. Monthly retiree premiums are utilized to fund current medical claims and are based on the benefit election of the Plan member.

Net OPEB Liability

The City's net OPEB liability was measured as of December 31, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31,2023.

Actuarial assumptions

Actuarial Valuation Date	12/31/2023
Actuarial Cost Method	Entry Age Normal
Asset valuation method	Fair value
Inflation	2.50%
Projected salary increase	3.00%
Discount rate	4.80%
Healthcare cost trend rates	All years capped at 3.0%
Mortality	Non Annuitants – Sex distinct PUB 2010 general employee headcount weighted mortality table with mortality improvement scale MP-2021. Annuitants – Sex distinct PUB 2010 retiree headcount weighted mortality table with mortality improvement scales MP-2021.

Rate of Return

The long-term expected rate of return on OPEB plan investments will be managed on a total return basis which takes into consideration both investment income and capital appreciation. The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Geometric)
Large Cap	26.4 %	7.00 %
Mid Cap	4.8	7.60
Small Cap	5.9	7.20
International	9.2	7.80
Emerging Markets	2.4	8.80
Real Estate	2.4	7.50
Intermediate Term Bond	45.6	3.90
Government Bonds	0.0	3.90
Mortgage Backed Securities	0.0	6.50
Cash	3.3	2.90
Total	100.00 %	

The long-term expected rate of return is 6.75%. The expected return is determined through a combination of historical rates of return, valuation projections, and economic expectations.

Discount rate

The discount rate used to measure the Total OPEB Liability was 4.80%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the OPEB plan's Fiduciary Net Position was projected to be available to make all projected future benefits payments to current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all period of projected benefit payments to determine the total OPEB liability.

The discount rate for the 12/31/2024 measurement was 4.80% which caused an actuarial gain. The discount rate for the 12/31/2023 measurement was 4.70%. The discount rate incorporates a blend of the expected rate of return and the yield of a set of 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of December 31, 2024, the measurement date (6.75% and 4.08%, respectively).

Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Balance at December 31, 2023	$ 128,590,769	$ 17,842,722	$ 110,748,047
Changes for the year:			
Service Cost	3,197,177	-	3,197,177
Interest (on the total OPEB liability)	6,114,158	-	6,114,158
Difference between expected and actual experience	-	-	-
Change in assumptions	(1,541,609)	-	(1,541,609)
Benefit payments, including refunds of employee contributions	(3,398,990)	(3,398,990)	-
Contributions-employer	-	5,243,990	(5,243,990)
Net investment income	-	1,733,647	(1,733,647)
Administrative expense	-	(86,168)	86,168
Net changes	4,370,736	3,492,479	878,257
Balance at December 31, 2024	$ 132,961,505	$ 21,335,201	$111,626,304

Plan fiduciary net position as a percentage of the total OPEB liability is 16.05%.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City, calculated using the discount rate of 4.8%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.8%) or 1-percentage-point higher (5.8%) than the current rate:

1% Decrease 3.8%	Current Single Rate Assumption 4.8%	1 % Increase 5.8%
$ 130,876,518	$ 111,626,304	$ 96,087,955

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the City, calculated using the discount rate of 3.0% as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rate:

1% Decrease 2.0%	Current Single Rate Assumption 3.0%	1 % Increase 4.0%
$ 94,057,879	$ 111,626,304	$ 133,592,667

OPEB Expense and Deferred Outflows of Resources and Deferred Inflow of Resources Related to OPEB

For the year ended September 30, 2025, the City recognized OPEB expense of $14,916,450.

At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	$ 1,006,097	$ -
Difference in assumption changes	21,973,684	(3,110,716)
Difference between projected and actual investment earnings on pension plan investments	152,598	-
Employer contributions subsequent to the measurement date	5,100,462	-
	$ 28,232,841	$ (3,110,716)

Deferred outflows of resources of $5,100,462 related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the year ending September 30, 2026. Other amounts reported as deferred outflows and inflows or resources related to pensions will be recognized in OPEB expense as follows:

Year ended September 30,	
2026	$ 6,496,619
2027	4,326,517
2028	4,616,967
2029	4,838,495
2030	(256,934)
Total	$ 20,021,664

Supplemental Death Benefits Plan (SDBF)

Texas Municipal Retirement System (TMRS) administers a defined benefit group-term life insurance plan known as Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members and retirees. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit (OPEB) and is a fixed amount of $7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (pay as you go plan). The retiree portion of the SDBF is considered to be a single-employer, defined benefit OPEB plan.

Detail information about the SDBF OPEB plan is available in a separately-issued TMRS financial report. That report may be obtained on the internet at www.tmrs.com.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employee's entire careers. The SDBF contribution rate for retirees is .16%.

As of December 31, 2024, membership in the plan consisted of the following:

Inactive employees currently receiving benefits	1,407
Inactive members entitled to benefits, but not yet receiving them	263
Active members	2,152
Total	3,822

The City's OPEB liability is measured as of December 31, 2024, and the total OPEB liability was determined by an actuarial valuation as of December 31, 2024.

Actuarial Assumptions

Inflation	2.5%
Salary increases	3.6% to 11.85% including inflation
Discount rate*	4.08%
Retirees' share of benefit-related costs	$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates-service retirees	2019 Municipal Retirees of Texas mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Mortality rates-disabled retirees	2019 Municipal Retirees of Texas mortality tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis of Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

*The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA index" rate as of December 31, 2024.

Changes in Total OPEB Liability

Beginning at December 31, 2023	$ 8,081,308
Service Cost	271,037
Interest on the total OPEB liability	303,936
Differences between expected and actual experience	(28,693)
Change in assumptions	(387,694)
Benefit payments	(309,757)
Net change in total OPEB liability	(151,171)
Ending at December 31, 2024	$ 7,930,137

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the Total OPEB liability of the City, calculated using the discount rate of 4.08%, as well as what the City's Total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.08%) or 1-percentage-point higher (5.08%) than the current rate:

1% Decrease 3.08%	Current Discount Rate Assumption 4.08%	1 % Increase 5.08%
$ 9,287,505	$ 7,930,139	$ 6,847,856

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended September 30, 2025, the City recognized OPEB expense of $227,683.

At September 30, 2025, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 378	$ (172,100)
Difference in assumption changes	591,694	(1,959,429)
Employer contributions subsequent to the measurement date	237,072	-
	$ 829,144	$ (2,131,529)

Deferred outflows of resources of $237,072 related to OPEB resulting from retiree contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the year ending September 30, 2026. Other amounts reported as deferred outflows and inflows or resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30,	
2026	$ (387,488)
2027	(569,885)
2028	(515,109)
2029	(31,203)
Thereafter	(35,772)
Total	$ (1,539,457)

H. Self-Insurance

Self-insurance for general and auto liability exposure and workers' compensation is maintained in the Self-Insurance Fund of the Internal Service Fund. A private insurance company administers workers' compensation claims and losses for the City. Self-insurance premiums of $13,097,621 were collected from funds that participate in these. Claims settlement and loss expenses are accrued in the Self-Insurance Fund for the estimated settlement value of claims reported and incurred but not reported arising from incidents during the period. A liability, insurance claims payable, has been established. The reported liability includes actuarially determined present value projected losses for general, auto, and workers' compensation exposure. In determining projected losses, coverages with material incurred losses were compared to expected industry loss levels for prior periods. Based on this comparison, an experience modifier was selected and applied to current indicated industry premiums per exposure unit to obtain expected losses as of September 30, 2025, at the selected per occurrence limits. Based on a current independent actuarial analysis completed in December 2024 claims payable as of September 30, 2025 was estimated at $5,644,644.

Long-Term Disability (LTD) claims are paid from the LTD Insurance Fund, which is funded with City and employee contributions. A private company administers the long-term disability claims and losses for the City. Based on a current independent actuarial analysis, an actuarially determined liability of $3,228,223 has been established for projected future claims.

Group medical benefits are paid from the Group Health Fund, which has an annually negotiated stop loss provision. Revenues are recognized from payroll deductions for employee dependent coverage and from City contributions for employee coverage. At September 30, 2025, a short-term liability of $2,725,245 was recognized for open claims and claims incurred but not reported. The claims incurred but not reported are calculated based on a monthly average for claims paid during the current fiscal year.

There were no significant reductions in insurance coverage in the current year from coverage in the prior year, nor have there been any settlements that have exceeded insurance coverage for each of the past three fiscal years.

Changes in the self-insurance, long-term disability and group health insurance claims payable in fiscal years 2024 and 2025 were:

Internal Service Fund	Beginning of Fiscal Year Liability	Current Year Claims	Changes in Estimates	Claim Payments	Balance at Fiscal Year – End	Current Portion
Self-Insurance – 2024	$ 5,654,887	$ 821,073	$ (10,243)	$ 821,073	$ 5,644,644	$ 2,409,814
Self-Insurance – 2025	5,644,644	603,733	-	603,733	5,644,644	2,409,814
Long-Term Disability – 2024	3,677,127	355,052	(448,904)	355,052	3,228,223	315,204
Long-Term Disability – 2025	3,228,223	296,010	-	296,010	3,228,223	315,204
Group Health – 2024	1,795,110	33,422,227	419,804	33,422,227	2,214,914	2,214,914
Group Health – 2025	2,214,914	39,496,746	510,331	39,496,746	2,725,245	2,725,245

I. Texas Municipal Power Agency

The Texas Municipal Power Agency (TMPA) was created in 1975 pursuant to legislation that was passed by the 64th Legislative Session. TMPA, a municipal corporation, is governed by a Board of Directors, where each member city appoints two representatives to the Board. In 1976, the City along with the cities of Bryan, Denton, and Greenville (collectively "the Member Cities") entered into identical Power Sales Contracts with TMPA. For more than 40 years, the Power Sales Contract governed the relationship between, and the rights and obligations of, TMPA and each of the Member Cities with respect to, among other items, generation, transmission, and sale of electric energy to each Member City. On September 1, 2018, TMPA made the final debt service payment on TMPA's generation debt which extinguished the Member City's unconditional obligation with respect to such TMPA debt. The Power Sales Contract expired by its terms and none of the Member Cities elected to extend the Power Sales Contract beyond September 30, 2018.

TMPA and the Cities entered into a Joint Operating Agreement (JOA) effective September 1, 2016. The JOA represents the post-2018 plans for TMPA and the Cities and is intended to provide terms of agreement for (i) TMPA operations outside the scope of the Power Sales Contract, (ii) matters relating to decommissioning of the Gibbons Creek power plant, (iii) disposition of TMPA assets, and (iv) matters relating to dissolution of TMPA, at such time as it may be dissolved. Among other matters, the JOA (i) allocates the costs of TMPA transmission operations to the Member Cities in accordance with Member City percentages as they existed at expiration of the Power Sales Contract, (ii) establishes formulas for determining each Member City's ownership interest in TMPA assets (such calculations generally being based on each City's proportional share of payments made to TMPA) and used to allocate TMPA assets or proceeds of the sale thereof to each Member City, and (iii) provides for the allocation among the Member Cities of TMPA transmission assets if a majority of the Member Cities authorize the transfer of ownership of the TMPA transmission assets. The JOA divides TMPA assets and operations into three business categories – generation, transmission, and mining – and establishes protocols for Member Cities to exit one or more business categories.

During FY2025, the City paid TMPA $382,600 for charges related to ongoing operations.

Total debt of TMPA at September 30, 2025, amounted to $226,534,000 of which $7,950,000 represented the current portion. TMPA's outstanding long-term debt and short-term debt obligations are all associated with TMPA's transmission system and are payable from and secured by TMPA's transmission net revenues.

TMPA
Outstanding Debt Amounts
September 30, 2025
(reported in thousands)

	Long-Term	Current	Total
Revenue Bonds	$ 211,984	$ 7,950	$ 219,934
Tax Exempt Commercial Paper	6,600	-	6,600
	$ 218,584	$ 7,950	$ 226,534

Prepaid Energy Costs, Impairment of Prepaid Energy Costs, and Regulatory Assets

On March 1, 2010, the City issued Combination Tax & Electric Utility System Revenue Refunding Bonds, Series 2010 with a maturity of 20 years for the purpose of prepaying certain contractual obligations to TMPA. The principal amount of the bonds was $126,885,000 with a reoffering premium and other bond issuance costs of $11,367,850 for a total of $138,252,850. Since the proceeds of this debt issuance were placed with TMPA and the City received an economic benefit over a period of years, an Other Asset was recorded in the Electric Fund Statement of Net Position in the amount of $138,252,850. The City is amortizing the Other Asset over a period of 20 years with a half year convention. The generation portion of the Other Asset was impaired in 2017 and 2018 leaving only the transmission portion of the Other Asset. On September 30, 2025, TMPA Transmission Asset had a balance of $2,086,733.

On September 30, 2017, the City impaired 37.9% of the generation portion of the Other Assets when the TMPA Board of Directors approved a plan of "seasonal operations". The total impairment was $50,045,780. On September 30, 2018, the City impaired the remaining generation portion of the Other Asset when ERCOT was notified of the plan to suspend operations indefinitely. The impaired portion was recorded as a GASB 62 Regulatory Asset in Other Assets to be amortized through FY2030. On September 30, 2025, the Generation Regulatory Asset had a balance of $29,020,159.

In February 2021, the state of Texas experienced an unprecedented winter weather event, Winter Storm Uri, resulting in severe cold weather, snow, and ice. The storm caused power outages across the state. As a result, energy and natural gas prices increased dramatically from February 11 to February 24, 2021. The City recorded a Regulatory Asset of $137,343,717. The asset was calculated by looking at historical prices for the same period and recording the additional costs incurred as a regulatory asset. The asset will be amortized over thirty years. In FY2023, the value of this Regulatory Asset was increased by $906,004. This adjustment reflects the recognition of ERCOT short payments that are not expected to be recovered. On September 30, 2025, the Winter Storm Uri regulatory asset had a balance of $117,552,794.

To qualify to utilize GASB 62, the following must apply:

- The regulated business-type activity's rate for regulated services provided to its customers are established by or are subject to approval of an independent, third-party regulator or by its own governing board empowered by statute or contract to establish rates that bind customers.
- The regulated rates are designed to recover the specific regulated business-type activity's costs of providing the regulated services.
- In view of the demand for the regulated services or products and the level of competition, direct and indirect, it is reasonable to assume that rates set at levels that will recover the regulated business-type activity's costs can be charged to and collected from customers. This criterion requires consideration of anticipated changes in levels of demand or competition during the recovery period for any capitalized costs.

The City of Garland qualifies to utilize GASB 62 due to:

- State and local statues empower the City of Garland City Council to establish retail rates.
- The City of Garland specific costs are recovered through City of Garland retail rates.
- Current and projected customer demand support the recovery of City of Garland cost of service.

	February 2021 Winter Storm URI	TMPA Transmission	GASB 62 TMPA PPD Demand Regulatory Asset	Total Other Asset
Balance Sept. 30, 2024	$ 122,162 708	$ 2,550,451	$ 35,469,083	$ 160,182,242
Other asset amortization	(4,609,914)	(463,718)	(6,448,924)	(11,522,556)
Balance Sept. 30, 2025	$ 117,552,794	$ 2,086,733	$ 29,020,159	$ 148,659,686

Financial statements for TMPA are available from the TMPA website texasmpa.org or through the City of Garland Financial Services Department.

J. Deferred Compensation Plan

The City offers its non-civil service employees a voluntary deferred compensation plan created in accordance with Internal Revenue Code Section 457. The deferred compensation plan, available to all permanent City employees, permits participants to contribute annually the amount up to the annual contribution limit allowed by the IRS. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

In addition, the City offers to civil service employees a voluntary deferred compensation plan created in accordance with Internal Revenue Code Section 457 which is known as the Retirement Stability Benefit Plan (RSB Plan). Due to the fact that Civil-Service employees do not contribute to Social Security, the City created the RSB plan to provide sworn Firefighters and Police Officers the option to supplement their retirement benefits by making both pre-tax and post-tax contributions to their plan. In FY2025, if civil-service employees contributed at least 3.00% of their gross pay per pay period, the City would match 2.50%. The total amount contributed by the City for Fiscal Year 2025 was $1,864,203. It should be noted that City Council approved an incremental increase of 0.25% to the plan for FY2026. Therefore, for FY2025 civil-service employees that contribute at least 3.0% of their gross pay per pay period will receive a 2.50% match from the City. This plan is available to all City civil-service employees and permits annual contributions from both employees and the City up to the annual contribution limit allowed by the IRS. The deferred compensation is not available to the civil service employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under both of the plans, all property and rights purchased with those amounts, and all income attributable to these amounts, property, or rights are held in trust for the exclusive benefits of participants and their beneficiaries.

K. Governmental Activity Component Units

The Garland Public Facility Corporation (GPFC) was organized for the purpose of assisting the City in financing, refinancing, or providing public facilities. GPFC is reported as a blended component unit in the non-major governmental fund. As of September 30, 2025, the condensed combining information for GPFC is $3,521,016 for contributed land reported in governmental activities on the government wide statement of net position and statement of activities.

The Garland Foundation for Development (GFFD) was organized to promote economic development within the City of Garland. GFFD is reported as a blended component unit in the non-major governmental fund. As of September 30, 2025, the condensed combining information for GFFD is $48,197,142 for contributed land reported in governmental activities on the government wide statement of net position and statement of activities.

L. Landfill Closure and Post-closure Care Cost

As of September 30, 2025, the total estimated landfill closure/ post-closure cost for the City's Castle Drive landfill, Hinton landfill, and transfer station is $1,943,649, $32,596,199 and $176,325 respectively. The $16,611,915 reported as landfill closure and post-closure care liability represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of the Castle landfill, 49.53% use of the Hinton landfill, 100% of the closure cost for the transfer station, less post closure expenditures to date of $1,653,452. The City will recognize the remaining estimated closure and post-closure care costs of $16,450,807 as the percentage of capacity depletion increases. These amounts are based on an engineering study performed in 1996 and updated in 2023, which estimated cost to perform all closure and post-closure care. In addition, the closure and post-closure care cost were adjusted for inflation annually based on the most recent Implicit Price Deflator for Gross National Product published by the United States Department of Commerce. Actual cost may differ from the estimate due to inflation, changes in technology, or regulatory changes. The Hinton landfill has an estimated remaining useful life of 26.5 years.

Since the City's Landfill operation is a general government function, a special revenue fund was established to account for actual landfill closure and post-closure care funding sources and expenditures as they are incurred. Based on the City's current landfill closure financial strategy, $2.4 million in Certificates of Obligation will be issued to finance the one time closure cost and the on-going post closure care will be paid from operating funds.

M. Economic Incentives and Tax Abatements

The City enters into economic development and tax abatement agreements in order to spur commercial activity, generate additional sales tax revenue, enhance the property tax base, and provide increased economic vitality to the City. All abatement projects meet a minimum threshold point total based on full-time jobs, annual payroll, value of new or remodeled facilities, value of machinery and equipment, value of inventory, annual sales tax generated, or Garland Power & Light electric usage. All abatements must be approved on a case-by-case basis negotiated by City staff and approved by the City Council. Recipients receiving assistance generally commit to building or remodeling real property and related infrastructure, expanding operations, renewing facility leases and bringing targeted businesses to the City. Recipients are largely required to meet and maintain minimum thresholds of real and personal property values, full time employees, number of tenants or other provisions specific to an individual recipient. Agreements are generally made for a minimum of five years and generally contain recapture provisions which may require repayment or termination if a recipient fails to meet the required provisions.

The City has two categories of economic development agreements:

Tax Abatements – Under Chapter 312 of the Texas Tax Code the City is allowed to designate tax reinvestment zones and negotiate tax abatement agreements with applicants within these zones. The abatement agreements authorize the appraisal districts to reduce the assessed value of the taxpayer's property by a percentage specified in the agreement, and the taxpayer will pay taxes on the lower assessed value during the term of the agreement. A summary of Chapter 312 Tax Abatements for the year ended September 30, 2025, is as follows:

Abatement Type	Active Agreements	Total Taxes Abated FY25
Business Personal Property Tax	1	$ -

Tax Rebates – Under Chapter 380 of the Texas Local Government Code, the City is allowed to enter into agreements in order to stimulate economic activity. These agreements may rebate a flat amount or percentage of real property, personal property or sales taxes received by the City. A summary of Chapter 380 tax rebates for the year ended September 30, 2025 is as follows:

Abatement Type	Active Agreements	Total Taxes abated FY25
Ad Valorem Tax	4	$ 333,953
Business Personal Property Tax	8	197,764
Sales Tax	2	409,996

N. Commitments and Contingent Liabilities

The City has been named as a defendant or co-defendant in a number of personal injury cases. While the outcome of these cases is not known at this time, the City attorney and City management are of the opinion that any awards to injured parties which must be paid in excess of amounts covered by insurance will not be material to the financial position of the City.

A number of other claims against the City, as well as certain other matters of litigation, are pending with respect to various matters arising in the normal course of the City's operations. The City attorney and City management are of the opinion that the settlement of these other claims and pending litigation will not have a material adverse impact on the City's financial position.

The City participates in a number of State and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement that may arise as the result of these audits is not believed to be material.

On December 19, 2013, the City entered into a twenty (20) year energy purchase power agreement with Spinning Spur Wind Three, LLC. The agreement extends from the start hour 1:00 of the Commercial Operation Date and ends at the completion of hour 24:00 of the day immediately preceding the twentieth anniversary. The City purchases 26% of the output from the 194MW facility. Commercial Operations began September 28, 2015.

On August 28, 2014, the City entered into a twenty-five (25) year energy purchase power agreement with Los Vientos Windpower V, LLC. The agreement extends from the start of hour 1:00 of the Commercial Operation Date and ends at the completion of hour 24:00 of the day immediately preceding the twenty-fifth anniversary. The City purchases 45.96% of the output from the 110MW facility. Commercial Operations began December 23, 2015.

On June 12, 2015, the City entered into a fourteen (14) year energy purchase power agreement with Salt Fork Wind, LLC. The agreement extends from the start of hour 1:00 (CPT) of the Commercial Operation Date and ends at the completion of hour 24:00 (CPT) of the day immediately preceding the fourteenth anniversary. The City purchases up to 150MW from the facility. The City has contracts to sell 77% of this energy downstream. Commercial Operations began December 1, 2016.

On October 27, 2015, the City entered into a twenty (20) year energy purchase power agreement with Albercas Wind Energy II, LLC. From the effective date, the agreement extends until 23:59:59 (CPT) on the day prior to the 20th anniversary of the Commercial Operation Date. The City purchases up to 96MW from the facility. The City has contracts to sell 74% of this energy downstream. Commercial Operations began November 13, 2016.

On December 28, 2015, the City entered into a fifteen (15) year energy purchase power agreement with BNB Lemesa Solar LLC. The agreement extends from the start of hour 1:00 (CPT) of the Commercial Operation Date and ends at the completion of hour 24:00 (CPT) of the day immediately preceding the fifteenth anniversary. The Commercial Operation Date is anticipated to be no later than March 31, 2017. The City will purchase 102 MW from the facility. The City has contracts to sell 49% of this energy downstream. Commercial Operations began April 27, 2017.

On November 20, 2018, the City entered into renewable purchase power agreement with Engie Long Draw Solar LLC. The agreement extends fifteen (15) years following the Commercial Operation Date. The City will purchase up to 25 MW from the facility. Commercial Operations began December 11, 2020.

On December 11, 2018, the City entered into a renewable purchase power agreement with Concho Bluff LLC. The agreement extends fifteen (15) years following the Commercial Operation Date. The Commercial Operation Date of the facility occurred on February 12, 2021. The City is purchasing 50 MW from the facility. On or about May 1, 2022, a hail storm caused a forced outage to a portion of the facility. The facility is currently generating approximately 50% of the energy originally expected. On January 12,2024, an amendment to the original contract was signed. The amendment defines a Rebuild Commercial Operation Date of no later than December 31, 2025. Until the Rebuild Completion Date, the City's purchase power will be 31.25 MW. After the Rebuild Completion Date the agreement will adjust to 25 MW with the City retaining the first right of refusal of an additional 25 MW for a five (5) year period after the First Amendment Date. The amended contract extends twelve (12) years from Rebuild Commercial Operation Date.

The City executed confirmations through December 31, 2032, under its International Swaps and Derivatives Association Inc. (ISDA) Master Agreement to purchase electricity under specific terms and conditions. Management believes the purchase of electricity under the specific terms and conditions of the confirmation were for normal purchases/normal sales and non-speculative in nature.

O. Derivative Instruments

In an effort to mitigate the financial and market risk associated with the purchase of natural gas, energy, and congestion price volatility, the City has established a Risk Management Program. This program was authorized by the City Council and is led by the Risk Oversight Committee. Under this program, the City enters into forward contracts for natural gas and energy for the purpose of reducing exposure to natural gas and energy price risk. Use of these types of instruments for the purpose of reducing exposure to price risk is performed as a hedging activity. These contracts may be settled in cash or delivery of certain commodities. The City typically settles these contracts by delivery of certain commodities.

The City applies GASB Statement No 53 – *Accounting and Financial Reporting for Derivative Instruments*, ("GASB 53"), which addresses the recognition, measurement, and disclosures related to derivative instruments. The City utilizes natural gas commodity swaps to hedge its exposure to fluctuating fuel prices. Since these derivative instruments are entered into for risk mitigation purposes, the instruments are considered potential hedging derivative instruments under GASB 53. The City evaluated all potential hedging derivative instruments for effectiveness utilizing the consistent critical terms method as of September 30, 2025, and as of September 30, 2024, and determined the derivative instruments to be effective in substantially offsetting the change in cash flows of the hedgeable items. These derivative instruments act as cash flow hedges.

At September 30, 2025, the total fair value of outstanding hedge instruments was a net liability of $214,392. Fuel hedging instruments with a fair value of $91,308 are classified on the Statement of Net Position as a non-current asset. Fuel hedging instruments with a fair value of $305,700 are classified on the Statement of Net Position as a current liability. As of September 30, 2024, the total fair value of outstanding hedge instruments was a net liability of $2,314,270. Fuel hedging instruments with a fair value of $2,246,360 are classified on the Statement of Net Position as a non-current asset. Fuel hedges with a fair value of $2,246,360 are classified as a current liability. Changes in fair value as of September 30, 2025, of $246,482 are reflected in deferred outflows. The following information details the City Electric Fund's hedging derivative instruments below:

Derivative transactions as of September 2025:

Type	Terms	Notional Amount (MMBtu)	Purchase Dates	Maturity Dates	Referenced Index	Fair Value
Commodity Swaps	City pays prices of $3.33 - $3.95	3,438,548	Nov 2023-Sep 2025	Oct 2025-Dec 2026	NYMEX	$ 214,392
		3,438,548				$ 214,392

Derivative transactions as of September 2024:

Type	Terms	Notional Amount (MMBtu)	Purchase Dates	Maturity Dates	Referenced Index	Fair Value
Commodity Swaps	City pays prices of $2.580 - $4.000	5,856,137	Dec 2022-Feb 2024	Oct 2024-Dec 2025	NYMEX	$ 2,314,270
		5,856,137				$ 2,314,270

At September 30, 2025, the City had twelve customers to provide wholesale power supply and/or qualified scheduling entity services. The contract terms extend up to December, 2036. For the power supply customers, the City charges an energy charge which is based on the quantity of power supplied multiplied by a fixed price, or multiplied by a fixed heat rate and a fuel index price. In order to hedge the City's risk, the City has entered into corresponding power supply agreements with counterparties to hedge against energy price or heat rate fluctuation in the market.

Congestion Revenue Rights

Pre-assigned Congestion Revenue Rights (PCRRs) and Congestion Revenue Rights (CRRs) function as financial hedges against the cost of resolving congestion in the Electric Reliability Council of Texas (ERCOT) market. These instruments allow the City to hedge expected future congestion that may arise during a certain period. CRRs are purchased at auction, annually and monthly at fair market value. Municipally owned utilities are granted the right to purchase PCRRs annually at 10-20% of the cost of CRRs. At September 30, 2025, the City held CRRs with a cost and fair value of $690,148, that the City expects to use in normal operations, which is recorded as prepaid expense in the Electric fund.

Risks

Credit Risk. The City's over-the-counter agreements for natural gas and energy expose the City to credit risk. In the event of default, the City's operations will not be materially affected. However, the City does not expect the counterparties to fail to meet their obligations. The City maintains contracts with contractual provisions under the ISDA, EEI (Edison Electric Institute), and NAESB (North American Energy Standards Board) agreements. As of September 30, 2024, the City had outstanding forward purchase contracts extending through December 31, 2032, which are expected to be settled through physical delivery.

The City monitors the credit ratings of all of its counterparties to adhere to the City's Risk Management Policy. Any counterparty that does not have at least a BBB- credit rating must be approved by the Risk Oversight Committee.

The congestion revenue rights expose the City to custodial credit risk in the event of default or nonperformance by ERCOT. In the event of default or nonperformance, the City's operations will not be materially affected. However, the City does not expect ERCOT to fail in meeting their obligations as they are a regulatory entity of the State of Texas.

Basis Risk. The City could be exposed to basis risk on its fuel hedges if the expected commodity purchases being hedged will price based on a delivery point (WAHA/Katy/HSC) different than that at which the financial hedging contracts are expected to settle NYMEX (Henry Hub).

Termination Risk. Termination risk is the risk that a derivative instrument will terminate prior to its scheduled maturity date due to a contractual event. Contractual events include illegality, tax and credit events upon merger and other events. The City's exposure to termination risk for over-the-counter agreements is minimal due to the high credit rating of the counterparties, and the contractual provisions under the ISDA, EEI, and NAESB agreements applied to these contracts. Termination risk is associated with all of the City's derivative instruments up to their fair value of the instrument.

Close-out Netting Arrangements. The City enters into close-out netting arrangements whenever it has entered into more than one derivative instrument transaction with a counterparty. Under the terms of these arrangements, should one party become insolvent or otherwise default on its obligations, close-out netting provisions permit the non-defaulting party to accelerate and terminate all outstanding transactions and set off the transaction's fair values so that a single sum will be owed by or owed to the non-defaulting party.

Asset Retirement Obligation

The City operates the Ray Olinger Power Plant. The 400-megawatt, gas-fired plant consists of four power generating units: three stream boilers and one turbine. In 2019, the City hired an outside engineering firm to access the environmental obligations and closure requirements in the event of a plant closure. It was determined that the four evaporation ponds and the above ground storage tank at the Olinger Power Plant are considered to be industrial solid waste management units subject to TCEQ closure requirements. The total cost was estimated to be $480,322. The City is estimating the life of the plant to be 10 years.

	Balance at Oct. 1, 2024	Additions	Amortization	Balance at Sept. 30, 2025
ARO Deferred Outflow	$ 353,840	$ 17,695	$ 41,282	$ 330,253

	Balance at Oct. 1, 2023	Additions	Reductions	Balance at Sept. 30, 2025
ARO Liability	$ 589,817	$ 17,695	$ -	$ 607,512

P. Subsequent Events

On January 29, 2026, the City issued $97,925,000 of Electric Utility System Revenue Refunding Bonds, New Series 2026, to refund outstanding revenue notes and EUS Revenue Bonds, Series 2016B.

City of Garland, Texas
Required Supplementary Information
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2025
(unaudited)

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Taxes	$ 122,764,672	$ 120,076,537	$ 125,680,837	$ 5,604,300
Franchise fees	7,391,128	7,348,899	8,160,990	812,091
Service charges	43,930,092	43,114,294	43,911,450	797,156
Licenses and permits	5,655,620	7,420,411	7,372,539	(47,872)
Earnings on investments	3,635,700	4,588,251	4,913,063	324,812
Intergovernmental	5,407,341	6,454,867	8,087,972	1,633,105
Charges for services	12,358,330	12,358,330	12,006,330	(352,000)
Fines and forfeits	5,208,759	6,138,014	6,092,920	(45,094)
Rents and concessions	847,768	1,029,868	990,367	(39,501)
Total revenues	207,199,410	208,529,471	217,216,468	8,686,997
Expenditures:				
Current:				
General government	17,123,498	18,843,346	18,299,585	543,761
Public safety	131,192,631	133,672,694	139,917,468	(6,244,774)
Public works	64,340,049	71,946,319	49,847,728	22,098,591
Culture and recreation	22,895,729	24,268,137	21,355,473	2,912,664
Public health	4,227,115	4,988,842	4,963,515	25,327
Nondepartmental	43,953,885	45,792,114	115,049,871	(69,257,757)
Total expenditures	283,732,907	299,511,452	349,433,640	(49,922,188)
Excess (deficit) of revenues over (under) expenditures	(76,533,497)	(90,981,981)	(132,217,172)	(41,235,191)
Other financing sources (uses):				
Proceeds from sale of capital assets	-	-	393,217	393,217
Net Proceeds of long term debt	-	-	130,850,000	130,850,000
Transfer in	73,782,430	75,321,404	75,425,259	103,855
Transfers out	-	-	(38,125,451)	(38,125,451)
Total other financing sources (uses)	73,782,430	75,321,404	168,543,025	93,221,621
Net Change in fund balances	(2,751,067)	(15,660,577)	36,325,853	51,986,430
Fund balance, beginning of year	69,728,500	69,728,500	69,728,500	-
Fund balance, end of year	$ 66,977,433	$ 54,067,923	$ 106,054,353	$ 51,986,430

See notes to required supplementary information.

City of Garland, Texas
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Calendar Years
(unaudited)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Pension Liability										
Service Cost	$ 20,067,678	$ 21,522,671	$ 22,270,032	$ 23,370,261	$ 24,406,916	$ 26,203,127	$ 25,977,603	$ 26,268,489	$ 28,035,696	$ 34,499,150
Interest	56,833,734	57,958,342	60,506,232	63,285,856	66,121,119	69,127,800	72,367,235	74,927,679	77,329,845	88,223,013
Changes of benefit terms including substantively automatic status	-	-	-	-	-	-	-	-	-	127,899,258
Difference between expected and actual experience	(6,147,278)	84,986	928,620	892,041	2,799,800	7,470,398	(2,381,211)	(2,837,850)	(3,175,432)	6,519,048
Change of assumptions	15,651,656	-	-	-	1,605,156	-	-	-	(5,182,162)	-
Benefit payments, including refunds of employee contributions	(38,435,413)	(42,367,920)	(42,018,404)	(44,132,351)	(47,992,826)	(54,582,524)	(54,811,345)	(61,541,795)	(65,766,769)	(67,750,551)
Net Change in Total Pension Liability	47,970,377	37,198,079	41,686,480	43,415,807	46,940,165	48,218,801	41,152,282	36,816,523	31,241,178	189,389,918
Total Pension Liability - Beginning	821,094,349	869,064,726	906,262,805	947,949,285	991,365,092	1,038,305,257	1,086,524,058	1,127,676,340	1,164,492,863	1,195,734,041
Total Pension Liability - Ending	$ 869,064,726	$ 906,262,805	$ 947,949,285	$ 991,365,092	$ 1,038,305,257	$ 1,086,524,058	$ 1,127,676,340	$ 1,164,492,863	$ 1,195,734,041	$ 1,385,123,959
Plan Fiduciary Net Position										
Contributions - Employer	$ 14,462,360	$ 14,265,404	$ 15,640,715	$ 16,662,812	$ 16,995,099	$ 18,554,489	$ 18,626,665	$ 19,118,221	$ 19,450,670	$ 21,578,574
Contributions - Employee	9,304,889	9,694,895	10,035,625	10,546,061	11,021,733	11,777,742	11,649,149	11,815,278	12,572,061	13,559,072
Net Investment Income	1,220,504	54,933,203	117,621,308	(28,429,765)	139,604,497	77,545,208	140,045,792	(86,762,429)	123,942,041	120,465,537
Benefit payments, including refunds of employee contributions	(38,435,413)	(42,367,920)	(42,018,404)	(44,132,351)	(47,992,826)	(54,582,524)	(54,811,345)	(61,541,795)	(65,766,769)	(67,750,551)
Administrative Expense	(743,428)	(620,477)	(609,672)	(549,660)	(789,265)	(502,139)	(648,494)	(751,667)	(789,866)	(774,432)
Other	(36,717)	(33,430)	(30,898)	(28,717)	(23,709)	(19,593)	4,442	896,962	(5,521)	(18,112)
Net Change in Plan Fiduciary Net Position	(14,227,805)	35,871,675	100,638,674	(45,931,620)	118,815,529	52,773,183	114,866,209	(117,225,430)	89,402,616	87,060,088
Plan Fiduciary Net Position - Beginning	827,166,176	812,938,371	848,810,046	949,448,720	903,517,100	1,022,332,629	1,075,105,812	1,189,972,021	1,072,746,591	1,162,149,207
Plan Fiduciary Net Position - Ending	$ 812,938,371	$ 848,810,046	$ 949,448,720	$ 903,517,100	$ 1,022,332,629	$ 1,075,105,812	$ 1,189,972,021	$ 1,072,746,591	$ 1,162,149,207	$ 1,249,209,295
Net Pension Liability (Asset)	$ 56,126,355	$ 57,452,759	$ (1,499,435)	$ 87,847,992	$ 15,972,628	$ 11,418,246	$ (62,295,681)	$ 91,746,272	$ 33,584,834	$ 135,914,664
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	93.54%	93.66%	100.16%	91.14%	98.46%	98.95%	105.52%	92.12%	97.19%	90.19%
Covered Payroll	$ 132,898,533	$ 138,498,528	$ 143,307,799	$ 150,581,579	$ 157,362,452	$ 168,076,505	$ 166,416,417	$ 168,712,216	$ 179,600,871	$ 193,597,922
Net Pension Liability (Asset) as a Percentage of Covered Payroll	42.23%	41.48%	(1.05%)	58.34%	10.15%	6.79%	(37.43%)	54.38%	18.70%	70.20%

Measurement date December 31

City of Garland, Texas
Required Supplementary Information
TMRS Schedule of Contributions
Last Ten Fiscal Years
(unaudited)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Actuarially Determined Contribution	$ 15,134,606	$ 15,568,576	$ 16,665,242	$ 17,281,423	$ 17,978,839	$ 18,897,527	$ 19,328,261	$ 19,969,422	$ 21,773,233	$ 32,641,892
Contributions in relation to the actuarially determined contribution	15,134,606	15,568,576	16,665,242	17,281,423	17,978,839	18,897,527	19,328,261	19,969,422	21,773,233	32,641,892
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 142,253,130	$ 141,938,528	$ 148,461,246	$ 156,242,087	$ 160,756,322	$ 165,972,997	$ 167,564,375	$ 176,646,631	$ 190,211,842	$ 200,987,389
Contributions as a percentage of covered payroll	10.64%	10.97%	11.23%	11.06%	11.18%	11.39%	11.53%	11.30%	11.45%	16.24%

Notes to Schedule of Contributions

Valuation Date: Actuarially determined contribution rates are calculated as of December 31 and become effective in January, thirteen months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	21 Years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to the experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergance). Pre-retirement: PUB(10) mortality tables, with the 110% Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

Other Information:

Notes: Adopted 50% non-retroactive repeating COLA.

City of Garland, Texas
Required Supplementary Information
City of Garland other postemployment plan
Schedule of Changes in OPEB Liability and Related Ratios
Last Eight Calendar Years
(unaudited)

	2017	2018	2019	2020	2021	2022	2023	2024
Total OPEB Liability								
Service Cost	$ 2,260,181	$ 2,220,788	$ 3,024,066	$ 3,024,066	$ 2,239,204	$ 2,142,366	$ 2,080,963	$ 3,197,177
Interest	3,284,435	3,291,786	3,403,827	3,525,395	3,545,372	5,106,386	5,260,690	6,114,158
Difference between expected and actual experience	(1,303,593)	917,146	8,472,720	2,095,099	2,307,370	-	816,935	-
Change of assumptions	7,017,755	(5,723,188)	1,369,232	-	8,803,333	(4,565,102)	30,319,531	(1,541,609)
Benefit payments, including refunds of employee contributions	(3,529,580)	(4,039,931)	(4,894,085)	(5,598,096)	(7,032,293)	(4,645,265)	(7,259,006)	(3,398,990)
Net Change in Total OPEB Liability	7,729,198	(3,333,399)	11,375,760	3,046,464	9,862,986	(1,961,615)	31,219,113	4,370,736
Total OPEB Liability - Beginning	70,652,262	78,381,460	75,048,061	86,423,821	89,470,285	99,333,271	97,371,656	128,590,769
Total OPEB Liability - Ending	$ 78,381,460	$ 75,048,061	$ 86,423,821	$ 89,470,285	$ 99,333,271	$ 97,371,656	$ 128,590,769	$ 132,961,505
Plan Fiduciary Net Position								
Contributions - Employer	$ 4,779,579	$ 5,374,931	$ 6,314,085	$ 7,103,096	$ 8,622,293	$ 4,645,265	$ 10,694,006	$ 5,243,990
Net Investment Income	527,289	(266,098)	1,218,881	1,357,858	1,119,635	(2,128,605)	2,059,481	1,733,647
Benefit payments, including refunds of employee contributions	(3,529,580)	(4,039,931)	(4,894,085)	(5,598,096)	(7,032,293)	(4,645,265)	(7,259,006)	(3,398,990)
Administrative Expense	(21,120)	(32,518)	(40,759)	(50,492)	(65,244)	(66,795)	(71,154)	(86,168)
Net Change in Plan Fiduciary Net Position	1,756,168	1,036,384	2,598,122	2,812,366	2,644,391	(2,195,400)	5,423,327	3,492,479
Plan Fiduciary Net Position - Beginning	3,767,364	5,523,532	6,559,916	9,158,038	11,970,404	14,614,795	12,419,395	17,842,722
Plan Fiduciary Net Position - Ending	$ 5,523,532	$ 6,559,916	$ 9,158,038	$ 11,970,404	$ 14,614,795	$ 12,419,395	$ 17,842,722	$ 21,335,201
Net OPEB Liability	$ 72,857,928	$ 68,488,145	$ 77,265,783	$ 77,499,881	$ 84,718,476	$ 84,952,261	$ 110,748,047	$ 111,626,304
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	7.00%	8.70%	10.60%	13.40%	14.71%	12.75%	13.88%	16.05%
Covered Payroll	$ 177,921,683	$ 178,663,144	$ 186,115,788	$ 198,597,431	$ 199,329,268	$ 209,553,251	$ 225,944,014	$ 258,451,553
Net OPEB Liability as a Percentage of Covered Payroll	40.95%	38.33%	41.50%	39.00%	42.50%	40.54%	49.02%	43.19%

Measurement date December 31
The City of Garland implemented Statement 75 in FY2018 and a full ten-year trend is not yet available.

Notes to Schedule:

Changes in assumptions. The initial discount rate for the 12/31/16 measurement was 4.75%.
2017-2018: The discount rate was decreased from 4.75% to 4.14%.
2018-2019: The discount rate was increased from 4.14% to 4.63%.
2019-2020: The discount rate was decreased from 4.63% to 4.02%.
2020-2021: The discount rate was increased from 4.02% to 5.15%.
2021-2022: The discount rate was increased from 5.15% to 5.49%.
2022-2023: The discount rate was decreased from 5.49% to 4.70%.
2023-2024: The discount rate was increased from 4.70% to 4.80%.

City of Garland, Texas
Required Supplementary Information
City of Garland other postemployment plan
OPEB Schedule of Contributions
Last Eight Fiscal Years
(unaudited)

	2018	2019	2020	2021	2022	2023	2024	2025
Actuarially Determined Contribution	$ 6,502,862	$ 5,391,362	$ 8,109,928	$ 8,343,165	$ 9,090,276	$ 7,320,224	$ 10,074,127	$ 10,556,574
Contributions in relation to the actuarially determined contribution	5,024,715	6,632,454	6,664,631	8,122,773	6,826,969	7,039,741	7,045,425	8,378,331
Contribution deficiency (excess)	$ 1,478,147	$ (1,241,092)	$ 1,445,297	$ 220,392	$ 2,263,307	$ 280,483	$ 3,028,702	$ 2,178,243
Covered payroll	$ 148,461,246	$ 156,242,087	$ 160,756,322	$ 165,972,997	$ 167,564,375	$ 176,646,631	$ 190,211,842	$ 258,451,553
Contributions as a percentage of covered payroll	3.38%	4.24%	4.15%	4.89%	4.07%	3.99%	3.70%	3.24%

Notes to Schedule of Contributions

Valuation Date:	The Actuarially Determined Contribution is the sum of the current year's normal cost plus an amount necessary to amortize the unfunded liability over a closed 17-year period. Actuarial valuation has been performed as of December 31.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	22 Years
Asset Valuation Method	Fair value
Inflation	2.5%
Salary Increases	3.0%
Discount Rate	4.80%
Healthcare cost trend rates	Capped at 3.0%
Mortality	Non-Annuitants: Sex distinct PUB 2010 general employee headcount weighted mortality table with mortality improvement scale MP-2021. Annuitants: sex distinct PUB 2010 retiree headcount weighted mortality table with mortality improvement scale MP-2021.

Other Information:

Notes

The City of Garland implemented Statement 75 in FY2018 and a full ten-year trend is not yet available.

City of Garland, Texas
Required Supplementary Information
TMRS Supplemental Death Benefit
Schedule of Changes in OPEB liability and Related Ratios
Last Eight Calendar Year
(unaudited)

	2017	2018	2019	2020	2021	2022	2023	2024
Total OPEB Liability								
Service Cost	$ 214,962	$ 255,989	$ 236,042	$ 336,153	$ 399,399	$ 438,652	$ 233,483	$ 271,037
Interest	238,314	240,384	286,023	234,005	200,979	194,069	300,454	303,936
Difference between expected and actual experience	-	497,210	(966,665)	(169,737)	(201,508)	(54,745)	586	(28,693)
Change of assumptions	542,752	(474,877)	1,259,391	1,249,459	297,565	(3,359,629)	379,624	(387,694)
Benefit payments	(57,323)	(60,233)	(62,945)	(67,232)	(216,341)	(219,326)	(269,401)	(309,757)
Net Change in Total OPEB Liability	938,705	458,473	751,846	1,582,648	480,094	(3,000,979)	644,746	(151,171)
Total OPEB Liability - Beginning	6,225,775	7,164,480	7,622,953	8,374,799	9,957,447	10,437,541	7,436,562	8,081,308
Total OPEB Liability - Ending	$ 7,164,480	$ 7,622,953	$ 8,374,799	$ 9,957,447	$ 10,437,541	$ 7,436,562	$ 8,081,308	$ 7,930,137
Covered Employee Payroll	$ 143,307,799	$ 150,581,579	$ 157,362,452	$ 168,076,505	$ 166,416,417	$ 168,712,216	$ 179,600,871	$ 193,597,922
Total OPEB Liability as a Percentage of Covered Employee Payroll	5.00%	5.06%	5.32%	5.92%	6.27%	4.41%	4.50%	4.10%

Measurement date December 31
The City of Garland implemented Statement 75 in FY2018 and a full ten-year trend is not yet available.

Notes to Schedule:

Changes in assumptions. The initial discount rate for the 12/31/16 measurement was 3.81%.
The discount rate for the 12/31/17 measurement was 3.31%.
The discount rate for the 12/31/18 measurement was 3.71%.
The discount rate for the 12/31/19 measurement was 2.75%.
The discount rate for the 12/31/20 measurement was 2.00%.
The discount rate for the 12/31/21 measurement was 1.84%.
The discount rate for the 12/31/22 measurement was 4.05%.
The discount rate for the 12/31/23 measurement was 3.77%.
The discount rate for the 12/31/24 measurement was 4.08%.

No assets accumulated in a trust meets the criteria to pay related benefits for the OPEB plan.

City of Garland, Texas
Notes to Required Supplementary Information

Budgets and Budgetary Accounting

Annual appropriations for the General Fund are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year-end.

The City Charter contains the following requirements, which are adhered to by the City Council and management, regarding preparation of the annual Budget:

1. Prior to August 15, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted prior to September 15 to obtain taxpayer comments.
3. Prior to September 20, annual appropriations are approved through the passage of an ordinance. If the Council takes no action on or prior to such day, the budget, as submitted by the City Manager, is deemed to have been adopted by the City Council.
4. The level of control (level at which expenditures may not exceed budget) is the fund. The City Manager is authorized to transfer unexpended balances within each fund. The City Council, however, must approve any revisions in fund appropriations.

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City of Garland, Texas
Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes. The City's funds accounted for as Special Revenue Funds are as follows:

Community Development Block Grant Fund (CDBG) – This fund is used to account for Federal grant revenues provided through the Department of Housing and Urban Development for the development of environmental and economic opportunities, principally for persons of low and moderate income.

Housing Assistance Program Fund – This fund is used to account for Federal revenues provided through the Department of Housing and Urban Development for housing assistance payments for low income tenants.

Neighborhood Services Fund – This fund is used to account for Federal, state, and local revenues to improve neighborhoods in low income areas.

Hotel/Motel Tax Fund – This fund is used to account for the receipt of hotel/motel occupancy taxes.

Impact Fees Fund – This fund is used to account for street and water impact fees charged to develop property.

Landfill Closure Fund – This fund is used to account for expenditures related to the landfill closure and postclosure care.

Police Training Fund – This fund is used to account for grant funding of police training.

Substandard Perimeter Road Fund – This fund is used to account for revenue received pending the construction of substandard perimeter roads and streets.

Narcotic Seizure Fund – This fund is used to account for awards and expenditures from assets acquired through narcotics arrests. The expenditures are restricted to law enforcement activities by state law.

Culture & Recreation Grants – The fund accounts for Parks and Library grants obtained to expand the activities and programs offered by the Parks and Recreation Department and the City's Library system.

Coronavirus Recovery Grant -- This fund is used to account for Federal and state revenue to assist with expenditures related to the COVID-19 pandemic.

TIF Fund – This fund is used to account for the Downtown Tax Increment Finance Fund, TIF Zone No. 1, the Interstate 30 Corridor Tax Increment Finance Fund, TIF Zone No. 2, and the Medical District Tax Increment Finance Fund, TIF Zone No. 3. These funds are used to account for revenues and expenditures incurred in administering the tax increment financing programs.

Garland Foundation for Development (GFFD) – This fund is used to account for expenses related to the promotion of economic development with the City.

Garland Public Facility Corporation (GPFC) – This fund is used to account for expenses related to assisting the City in financing, refinancing, or providing public facilities.

City of Garland, Texas
Nonmajor Governmental Funds
Balance Sheet
September 30, 2025

	CDBG	Housing Assistance	Neighborhood Services	Hotel/Motel Tax	Impact Fees	Landfill Closure	Police Training	Substandard Perimeter Road	Narcotic Seizure	Culture & Recreation Grants	Coronavirus Recovery Grants	TIF	GFFD	GPFC	Total Other Governmental Funds
Assets															
Cash and cash equivalents	$ 258,395	$ -	$ 1,706,681	$ 1,418,824	$ 16,932,583	$ 700,841	$ 1,211,811	$ 1,503,884	$ 903,795	$ -	$ -	$ 5,990,074	$ 475,982	$ 299,016	$ 31,401,886
Investments	52,593	-	328,161	279,496	3,333,049	138,314	233,848	296,093	161,368	-	-	1,177,722	-	-	6,000,644
Receivables:															
Accrued interest	-	57	3,145	2,642	31,118	1,288	2,165	2,764	1,597	-	78	10,981	-	-	55,835
Accounts, net	302,200	-	5,569,760	12,388	-	-	-	-	-	-	-	-	-	-	5,884,348
Due from other governments	1,030,940	-	75,480	-	-	-	33,168	-	-	-	-	-	-	-	1,139,588
Prepaid items	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assets held for resale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	1,644,128	57	7,683,227	1,713,350	20,296,750	840,443	1,480,992	1,802,741	1,066,760	-	78	7,178,777	475,982	299,016	44,482,301
Restricted assets:															
Cash and cash equivalents	-	2,085,849	-	-	-	-	-	-	76,182	-	21,632,426	-	-	-	23,794,457
Investments	-	23,480	-	-	-	-	-	-	-			-	-	-	23,480
Total Restricted Assets	-	2,109,329	-	-	-	-	-	-	76,182	-	21,632,426	-	-	-	23,817,937
Total Assets	$ 1,644,128	$ 2,109,386	$ 7,683,227	$ 1,713,350	$ 20,296,750	$ 840,443	$ 1,480,992	$ 1,802,741	$ 1,142,942	$ -	$ 21,632,504	$ 7,178,777	$ 475,982	$ 299,016	$ 68,300,238
LIABILITIES															
Current liabilities:															
Accounts payable and accrued liabilities	$ 438,149	$ 401,687	$ 387,359	$ 124,706	$ -	$ -	$ -	$ -	$ 5,000	$ -	$ -	$ 48,501	$ -	$ -	$ 1,405,402
Due to other funds	116,014	-	31,182	-	-	-	-	-	-	70,556	-	-	-	-	217,752
Escrow payable	-	-	-	-	124,220	-	-	-	159,050	-	-	-	-	-	283,270
Unearned revenues	302,200	-	5,569,759	-	-	-	1,283,289	-	-	-	14,680,361	-	-	-	21,835,609
Total Liabilities	856,363	401,687	5,988,300	124,706	124,220	-	1,283,289	-	164,050	70,556	14,680,361	48,501	-	-	23,742,033
FUND BALANCES															
Fund balances:															
Restricted	787,765	1,707,699	1,694,927	1,588,644	-	-	197,703	-	978,892	-	6,952,143	7,130,276	-	-	21,038,049
Committed	-	-	-	-	20,172,530	840,443	-	1,802,741	-	-	-	-	475,982	299,016	23,590,712
Unassigned	-	-	-	-	-	-	-	-	-	(70,556)	-	-	-	-	(70,556)
Total fund balances	787,765	1,707,699	1,694,927	1,588,644	20,172,530	840,443	197,703	1,802,741	978,892	(70,556)	6,952,143	7,130,276	475,982	299,016	44,558,205
Total Liabilities and Fund Balances	$ 1,644,128	$ 2,109,386	$ 7,683,227	$ 1,713,350	$ 20,296,750	$ 840,443	$ 1,480,992	$ 1,802,741	$ 1,142,942	$ -	$ 21,632,504	$ 7,178,777	$ 475,982	$ 299,016	$ 68,300,238

City of Garland, Texas
Nonmajor Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended September 30, 2025

	CDBG	Housing Assistance	Neighborhood Services	Hotel/Motel Tax	Impact Fees	Landfill Closure	Police Training	Substandard Perimeter Road	Narcotic Seizure	Culture & Recreation Grants	Coronavirus Recovery Grants	TIF	GFFD	GPFC	Total Other Governmental Funds
REVENUES															
Taxes	$ -	$ -	$ -	$ 1,595,434	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 6,362,421	$ -	$ -	$ 7,957,855
Earnings on investments	(78)	51,437	81,179	73,660	824,556	37,319	74,302	74,477	39,345	-	1,570,358	227,355	12,348	-	3,066,258
Intergovernmental	2,350,051	21,737,709	644,048	-	-	-	1,503,409	-	-	176,061	-	-	-	-	26,411,278
Impact Fees	-	-	-	-	2,491,841	-	-	-	-	-	-	-	-	-	2,491,841
Contributions	-	-	720,000	-	-	-	-	-	-	-	-	-	-	-	720,000
Program income	19,654	-	289,277	-	-	-	-	-	-	-	-	-	-	-	308,931
Awards	-	-	-	-	-	-	-	-	554,140	-	-	-	-	-	554,140
Miscellaneous and other	-	443,426	-	-	-	98,031	411,291	-	505	-	-	21,055	183,750	-	1,158,058
Total Revenues	2,369,627	22,232,572	1,734,504	1,669,094	3,316,397	135,350	1,989,002	74,477	593,990	176,061	1,570,358	6,610,831	196,098	-	42,668,361
EXPENDITURES															
Current:															
Operations	1,535,354	21,535,721	2,180,381	1,968,422	-	98,547	421,576	-	392,332	245,239	-	1,297,631	660,007	-	30,335,210
Capital outlay	898,193	-	-	19,528	-	43,020	1,728,984	-	-	1,378	-	110	10,965,465	-	13,656,678
Debt service														-	
Principal	-	-	-	-	-	-	-	-	-	-	-	1,862,198	-	-	1,862,198
Interest	-	-	-	-	-	-	-	-	-	-	-	46,601	-	-	46,601
Total Expenditures	2,433,547	21,535,721	2,180,381	1,987,950	-	141,567	2,150,560	-	392,332	246,617	-	3,206,540	11,625,472	-	45,900,687
Excess (deficiency) of revenues over (under) expenditures	(63,920)	696,851	(445,877)	(318,856)	3,316,397	(6,217)	(161,558)	74,477	201,658	(70,556)	1,570,358	3,404,291	(11,429,374)	-	(3,232,326)
OTHER FINANCING SOURCES (USES)															
Transfers in	-	-	98,500	128,250	-	228,700	500	-	-	-	-	-	10,965,465	-	11,421,415
Transfers out	-	-	(22,437)	(200,284)	(567,066)	-	-	-	-	-	-	(368,697)	-	-	(1,158,484)
Total other financing sources (uses)	-	-	76,063	(72,034)	(567,066)	228,700	500	-	-	-	-	(368,697)	10,965,465	-	10,262,931
Net change in fund balances	(63,920)	696,851	(369,814)	(390,890)	2,749,331	222,483	(161,058)	74,477	201,658	(70,556)	1,570,358	3,035,594	(463,909)	-	7,030,605
Fund balances - beginning	851,685	1,010,848	2,064,741	1,979,534	17,423,199	617,960	358,761	1,728,264	777,234	-	5,381,785	4,094,682	939,891	299,016	37,527,600
Fund balances - ending	$ 787,765	$ 1,707,699	$ 1,694,927	$ 1,588,644	$ 20,172,530	$ 840,443	$ 197,703	$ 1,802,741	$ 978,892	$ (70,556)	$ 6,952,143	$ 7,130,276	$ 475,982	$ 299,016	$ 44,558,205

City of Garland, Texas
Budgetary Comparison Schedule - Community Development Grant Fund
For the year ended September 30, 2025

	Community Development Block Grant Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Earnings on investments	$ -	$ -	$ -	$ -
Intergovernmental	2,520,007	2,520,007	2,350,051	(169,956)
Program income	-	-	19,654	19,654
Total revenues	2,520,007	2,520,007	2,369,705	(150,302)
Expenditures:				
Current:				
Operations	2,609,605	2,853,809	1,535,432	1,318,377
Capital	-	-	898,193	(898,193)
Total expenditures	2,609,605	2,853,809	2,433,625	420,184
Excess (deficiency) of revenues over (under) expenditures	(89,598)	(333,802)	(63,920)	269,882
Net change in fund balances	(89,598)	(333,802)	(63,920)	269,882
Fund balances, beginning of year	851,685	851,685	851,685	-
Fund balances end of year	$ 762,087	$ 517,883	$ 787,765	$ 269,882

City of Garland, Texas
Budgetary Comparison Schedule - Housing Assistance Program Fund
For the year ended September 30, 2025

	Housing Assistance Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Earnings on investments	$ -	$ -	$ 51,437	$ 51,437
Intergovernmental	20,727,553	21,754,844	21,737,709	(17,135)
Miscellaneous	13,950	60,208	443,426	383,218
Total revenues	20,741,503	21,815,052	22,232,572	417,520
Expenditures:				
Current:				
Operations	20,777,739	20,814,279	21,535,721	(721,442)
Total expenditures	20,777,739	20,814,279	21,535,721	(721,442)
Excess (deficiency) of revenues over (under) expenditures	(36,236)	1,000,773	696,851	(303,922)
Other financing sources (uses):				
Transfers out	(110,000)	(110,000)	-	110,000
Total other financing sources (uses)	(110,000)	(110,000)	-	110,000
Net change in fund balances	(146,236)	890,773	696,851	(193,922)
Fund balances, beginning of year	1,010,848	1,010,848	1,010,848	-
Fund balances end of year	$ 864,612	$ 1,901,621	$ 1,707,699	$ (193,922)

City of Garland, Texas
Budgetary Comparison Schedule - Neighborhood Services Funds
For the year ended September 30, 2025

	HOME Grant Fund				CASA Fund				Fair Housing Grant Fund				Total Neighborhood Services			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:																
Earnings on investments	$ 6,190	$ 38,700	$ 38,357	$ (343)	$ 18,460	$ 38,300	$ 39,574	$ 1,274	$ 3,300	$ 4,100	$ 3,248	$ (852)	$ 27,950	$ 81,100	$ 81,179	$ 79
Intergovernmental	2,153,201	2,153,201	413,888	(1,739,313)	-	-	-	-	285,259	291,317	230,160	(61,157)	2,438,460	2,444,518	644,048	(1,800,470)
Program income	400,000	400,000	289,277	(110,723)	100,000	201,162	-	(201,162)	-	-	-	-	500,000	601,162	289,277	(311,885)
Contributions	-	-	-	-	400,000	400,000	720,000	320,000	-	-	-	-	400,000	400,000	720,000	320,000
Special event income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	2,559,391	2,591,901	741,522	(1,850,379)	518,460	639,462	759,574	120,112	288,559	295,417	233,408	(62,009)	3,366,410	3,526,780	1,734,504	(1,792,276)
Expenditures:																
Current:																
Operations	2,844,749	2,846,530	1,217,867	1,628,663	502,553	603,715	639,708	(35,993)	286,388	288,929	322,806	(33,877)	3,633,690	3,739,174	2,180,381	1,558,793
Total expenditures	2,844,749	2,846,530	1,217,867	1,628,663	502,553	603,715	639,708	(35,993)	286,388	288,929	322,806	(33,877)	3,633,690	3,739,174	2,180,381	1,558,793
Excess (deficiency) of revenues over (under) expenditures	(285,358)	(254,629)	(476,345)	(221,716)	15,907	35,747	119,866	84,119	2,171	6,488	(89,398)	(95,886)	(267,280)	(212,394)	(445,877)	(233,483)
Other financing sources (uses):																
Transfers in	-	-	-	-	-	-	-	-	-	-	98,500	(98,500)	-	-	98,500	98,500
Transfers out	-	-	-	-	-	-	(22,437)	(22,437)	-	-	-	-	-	-	(22,437)	(22,437)
Total other financing sources (uses)	-	-	-	-	-	-	(22,437)	(22,437)	-	-	98,500	(98,500)	-	-	76,063	76,063
Net change in fund balances	(285,358)	(254,629)	(476,345)	(221,716)	15,907	35,747	97,429	61,682	2,171	6,488	9,102	(194,386)	(267,280)	(212,394)	(369,814)	(157,420)
Fund balances, beginning of year	1,023,776	1,023,776	1,023,776	-	1,022,176	1,022,176	1,022,176	-	18,789	18,789	18,789	-	2,064,741	2,064,741	2,064,741	-
Fund balances end of year	$ 738,418	$ 769,147	$ 547,431	$ (221,716)	$ 1,038,083	$ 1,057,923	$ 1,119,605	$ 61,682	$ 20,960	$ 25,277	$ 27,891	$ (194,386)	$ 1,797,461	$ 1,852,347	$ 1,694,927	$ (157,420)

City of Garland, Texas
Budgetary Comparison Schedule - Hotel/Motel Tax Fund
For the Year Ended September 30, 2025

	Hotel/Motel Tax			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Occupancy taxes	$ 1,700,000	$ 1,700,000	$ 1,595,434	$ (104,566)
Earnings on investments	72,100	69,670	73,660	3,990
Miscellaneous	-	128,250	-	(128,250)
Total revenues	1,772,100	1,897,920	1,669,094	(228,826)
Expenditures:				
Current:				
Operations	2,127,774	2,288,096	1,968,422	319,674
Capital	-	-	19,528	19,528
Total expenditures	2,127,774	2,288,096	1,987,950	339,202
Excess (deficiency) of revenues over (under) expenditures	(355,674)	(390,176)	(318,856)	110,376
Other financing sources (uses):				
Transfers in	-	-	128,250	(128,250)
Transfers out	200,820	200,820	(200,284)	(401,104)
Total other financing sources (uses)	200,820	200,820	(72,034)	(529,354)
Net change in fund balances	(154,854)	(189,356)	(390,890)	(418,978)
Fund balances, beginning of year	1,979,534	1,979,534	1,979,534	-
Fund balances end of year	$ 1,824,680	$ 1,790,178	$ 1,588,644	$ (418,978)

City of Garland, Texas
Budgetary Comparison Schedule - Police Training Grant Fund
For the year ended September 30, 2025

	Police Training Grant Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Earnings on investments	$ 17,100	$ 71,500	$ 74,302	$ 2,802
Intergovernmental	829,326	1,445,454	1,503,409	57,955
Miscellaneous	-	-	411,291	411,291
Total revenues	846,426	1,516,954	1,989,002	472,048
Expenditures:				
Current:				
Operations	318,053	301,055	421,576	(120,521)
Capital	1,773,474	1,126,352	1,728,984	(602,632)
Total expenditures	2,091,527	1,427,407	2,150,560	(723,153)
Excess (deficiency) of revenues over (under) expenditures	(1,245,101)	89,547	(161,558)	(251,105)
Other financing sources (uses):				
Transfers in	-	-	500	-
Total other financing sources (uses)	-	-	500	-
Net change in fund balances	(1,245,101)	89,547	(161,058)	(251,105)
Fund balances, beginning of year	358,761	358,761	358,761	-
Fund balances end of year	$ (886,340)	$ 448,308	$ 197,703	$ (251,105)

City of Garland, Texas
Budgetary Comparison Schedule - Narcotic Seizure Fund
For the year ended September 30, 2025

	Narcotic Seizure			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Earnings on investments	$ 17,000	$ 32,500	$ 39,345	$ 6,845
Awards	65,000	240,925	554,140	313,215
Miscellaneous	-	3,250	505	(2,745)
Total revenues	82,000	276,675	593,990	317,315
Expenditures:				
Current:				
Operations	350,000	514,556	392,332	122,224
Total expenditures	350,000	514,556	392,332	122,224
Excess (deficiency) of revenues over (under) expenditures	(268,000)	(237,881)	201,658	439,539
Net change in fund balances	(268,000)	(237,881)	201,658	439,539
Fund balances, beginning of year	77,234	777,234	777,234	-
Fund balances end of year	$ (190,766)	$ 539,353	$ 978,892	$ 439,539

City of Garland, Texas
Budgetary Comparison Schedule - Coronavirus Recovery Fund
For the year ended September 30, 2025

	Coronavirus Recovery Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Earnings on investments	$ 1,700	$ 2,100	$ 1,570,358	$ 1,568,258
Total revenues	1,700	2,100	1,570,358	1,568,258
Expenditures:				
Current:				
Operations	5,407,341	5,407,341	-	5,407,341
Total expenditures	5,407,341	5,407,341	-	5,407,341
Excess (deficiency) of revenues over (under) expenditures	(5,405,641)	(5,405,241)	1,570,358	6,975,599
Other financing sources (uses):				
Transfers out	(13,601,374)	(13,046,541)	-	13,046,541
Total other financing sources (uses)	(13,601,374)	(13,046,541)	-	13,046,541
Net change in fund balances	(19,007,015)	(18,451,782)	1,570,358	20,022,140
Fund balances, beginning of year	5,381,785	5,381,785	5,381,785	-
Fund balances end of year	$ (13,625,230)	$ (13,069,997)	$ 6,952,143	$ 20,022,140

City of Garland, Texas
Budgetary Comparison Schedule - Tax Increment Financing Zones
For the year ended September 30, 2025

	Interstate Highway 30 TIF Fund				Downtown TIF Fund				Medical District TIF Fund				Total TIF funds			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:																
Occupancy taxes	$ 1,281,275	$ 1,281,275	$ 1,946,473	$ 665,198	$ 1,908,172	$ 1,908,172	$ 1,938,241	$ 30,069	$ 779,673	$ 779,673	$ 2,477,707	$ 1,698,034	$ 3,969,120	$ 3,969,120	$ 6,362,421	$ 2,393,301
Earnings on investments	2,900	100	20,864	20,764	22,400	84,815	59,121	(25,694)	5,200	22,400	147,370	124,970	30,500	107,315	227,355	120,040
Miscellaneous	-	-	-	-	-	-	21,055	21,055	-	-	-	-	-	-	21,055	21,055
Total revenues	1,284,175	1,281,375	1,967,337	685,962	1,930,572	1,992,987	2,018,417	25,430	784,873	802,073	2,625,077	1,823,004	3,999,620	4,076,435	6,610,831	2,534,396
Expenditures:																
Current:																
Operations	65,204	65,204	58,336	(6,868)	1,840,176	2,408,292	1,239,295	1,168,997	-	-	-	-	1,905,380	2,473,496	1,297,631	1,175,865
Capital	-	-	-	-	-	-	110	(110)	-	-	-	-	-	-	110	(110)
Debt Service																
Principal	1,081,206	1,078,750	1,862,198	783,448	-	-	-	-	-	-	-	-	1,081,206	1,078,750	1,862,198	(783,448)
Interest	137,765	137,765	46,601	(91,164)	-	-	-	-	-	-	-	-	137,765	137,765	46,601	91,164
Total expenditures	1,284,175	1,281,719	1,967,135	-	1,840,176	2,408,292	1,239,405	1,168,887	-	-	-	-	3,124,351	3,690,011	3,206,540	483,471
Excess (deficiency) of revenues over (under) expenditures	-	(344)	202	685,962	90,396	(415,305)	779,012	1,194,317	784,873	802,073	2,625,077	1,823,004	875,269	386,424	3,404,291	3,017,867
Other financing sources (uses):																
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-	-				
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(218,697)	(368,697)	(368,697)	-	-	-	-	-	(218,697)	(368,697)	(368,697)	-
Total other financing sources (uses)	-	-	-	-	(218,697)	(368,697)	(368,697)	-	-	-	-	-	(218,697)	(368,697)	(368,697)	-
Net change in fund balances	-	(344)	202	685,962	(128,301)	(784,002)	410,315	1,194,317	784,873	802,073	2,625,077	1,823,004	656,572	17,727	3,035,594	3,017,867
Fund balances, beginning of year	3,285	3,285	3,285	-	1,469,564	1,469,564	1,469,564	-	2,621,833	2,621,833	2,621,833	-	4,094,682	4,094,682	4,094,682	-
Fund balances end of year	$ 3,285	$ 2,941	$ 3,487	$ 685,962	$ 1,341,263	$ 685,562	$ 1,879,879	$ 1,194,317	$ 3,406,706	$ 3,423,906	$ 5,246,910	$ 1,823,004	$ 4,751,254	$ 4,112,409	$ 7,130,276	$ 3,017,867

City of Garland, Texas
Budgetary Comparison Schedule - Culture Recreation Grant
For the year ended September 30, 2025

	Culture & Recreation Grant			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Earnings on investments	$ -	$ -	$ -	$ -
Intergovernmental	102,295	258,872	176,061	(82,811)
Total revenues	102,295	258,872	176,061	(82,811)
Expenditures:				
Current:				
Operations	102,295	258,872	245,239	13,633
Capital	-	-	1,378	(1,378)
Total expenditures	102,295	258,872	246,617	12,255
Excess (deficiency) of revenues over (under) expenditures	-	-	(70,556)	(70,556)
Other financing sources (uses):				
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(70,556)	(70,556)
Fund balances, beginning of year	-	-	-	-
Fund balances end of year	$ -	$ -	$ (70,556)	$ (70,556)

City of Garland, Texas
Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended September 30, 2025

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
General property taxes	$ 102,791,911	$ 102,791,911	$ 101,908,848	$ (883,063)
Earnings on investments	699,826	699,826	974,006	274,180
Miscellaneous	653,857	653,857	-	(653,857)
Total Revenues	104,145,594	104,145,594	102,882,854	(1,262,740)
Expenditures:				
Principal retirement	37,693,951	37,693,951	37,067,802	626,149
Interest	23,047,892	23,047,892	21,624,969	1,422,923
Fiscal charges	35,000	34,500	282,747	(248,247)
Total Expenditures	60,776,843	60,776,343	58,975,518	1,800,825
Excess of revenues over expenditures	43,368,751	43,369,251	43,907,336	538,085
Other financing sources (uses):				
Transfers in	1,969,664	1,969,664	820,554	(1,149,110)
Transfers out	(45,827,000)	(45,827,000)	(45,827,000)	-
Total other financing sources (uses)	(43,857,336)	(43,857,336)	(45,006,446)	(1,149,110)
Net change in fund balances	(488,585)	(488,085)	(1,099,110)	(611,025)
Fund balance, beginning of year	3,562,813	3,562,813	3,562,813	-
Fund balance, end of year	$ 3,074,228	$ 3,074,728	$ 2,463,703	$ (611,025)

City of Garland, Texas
Nonmajor Enterprise Funds

Nonmajor Enterprise Funds

The Nonmajor Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the City is that costs of providing goods and services to the general public on a continuing basis will be financed or recovered through user charges.

Golf Fund – This fund is used to account for the resources and expense associated with a public golf course, administered by a golf professional under the direct supervision of the City Manager.

Heliport Fund – This fund is used to account for the resources and expenses associated with the operations of a heliport.

Storm Water Management Fund – This fund is used to account for the resources and expenses associated with controlling the quality of storm water discharges into lakes and streams.

Parks Performance Fund – This fund is used to account for the resources and expense associated with the operation of recreation activities that receive revenues from user fees.

Sanitation Fund – This fund is used to account for the resources and expenses associated with the collection and recycling of residential and commercial waste.

City of Garland, Texas
Nonmajor Enterprise Funds
Statement of Net Position
September 30, 2025

	Business-Type Activities - Enterprise Funds					
	Golf	Heliport	Storm Water Management	Parks Performance	Sanitation	Total Other Enterprise Funds
ASSETS						
Current assets						
Unrestricted						
Cash and cash equivalents	$ 99,369	$ 50,886	$ 4,983,020	$ 1,215,226	$ 2,100,052	$ 8,448,553
Investments	14,280	10,274	977,223	237,109	422,961	1,661,847
Receivable, net of allowance	212	-	726,806	44,744	3,189,454	3,961,216
Accrued interest	-	93	12,032	2,178	2,517	16,820
Inventories	169,587	-	-	-	-	169,587
Total current assets	283,448	61,253	6,699,081	1,499,257	5,714,984	14,258,023
Noncurrent assets						
Restricted assets						
Construction funds:						
Cash and cash equivalents	-	-	1,728,107	-	5,768,172	7,496,279
Investments	-	-	340,446	-	1,116,735	1,457,181
Accrued interest	-	-	-	-	10,600	10,600
Total construction funds	-	-	2,068,553	-	6,895,507	8,964,060
Capital Assets						
Land	9,111,400	1,776,208	-	-	567,992	11,455,600
System	26,032,859	746,069	6,384,649	201,752	28,436,988	61,802,317
Construction in progress	1,513,861	-	118,767	-	6,779,713	8,412,341
Less accumulated depreciation	(15,905,898)	(727,386)	(4,940,751)	(184,778)	(22,687,865)	(44,446,678)
Net capital assets	20,752,222	1,794,891	1,562,665	16,974	13,096,828	37,223,580
Total noncurrent assets	20,752,222	1,794,891	3,631,218	16,974	19,992,335	46,187,640
Total assets	$ 21,035,670	$ 1,856,144	$ 10,330,299	$ 1,516,231	$ 25,707,319	$ 60,445,663
Deferred charges on debt refundings	-	-	-	-	2	2
Deferred charges on pensions	1,084,695	-	998,281	-	4,377,292	6,460,268
Deferred charges on OPEB	221,215	-	331,821	-	1,202,852	1,755,888
Total deferred outflows	$ 1,305,910	$ -	$ 1,330,102	$ -	$ 5,580,146	$ 8,216,158

City of Garland, Texas
Nonmajor Enterprise Funds
Statement of Net Position
September 30, 2025

	Business-Type Activities - Enterprise Funds					
	Golf	Heliport	Storm Water Management	Parks Performance	Sanitation	Total Other Enterprise Funds
LIABILITIES						
Current Liabilities						
Payable from current assets:						
Accounts payable and accrued liabilities	$ 288,108	$ -	$ 382,611	$ 37,738	$ 1,458,321	$ 2,166,778
Accrued general obligation interest	-	-	-	-	51	51
Accrued certificates of obligation interest	-	-	8,797	-	158,003	166,800
General obligation bonds	-	-	-	-	5,000	5,000
Certificates of obligation	-	-	195,000	-	4,910,000	5,105,000
Due to other funds	177,242	-	-	-	-	177,242
Compensated absences	72,883	-	76,086	-	288,421	437,390
Total current liabilities	538,233	-	662,494	37,738	6,819,796	8,058,261
Long-term Liabilities						
Payable from restricted assets:						
Accounts payable	889,710	-	-	-	-	889,710
Total payable from restricted assets	889,710	-	-	-	-	889,710
General obligation bonds (net of unamortized premium)	-	-	-	-	5,080	5,080
Certificates of obligation (net of unamortized premium)	-	-	1,322,938	-	12,788,511	14,111,449
Net OPEB liability	910,039	-	1,365,060	-	4,948,339	7,223,438
Compensated absences	73,279	-	8,357	-	13,321	94,957
Net pension liability	999,840	-	988,031	-	4,142,984	6,130,855
Total long-term liabilities	1,983,158	-	3,684,386	-	21,898,235	27,565,779
Total Liabilities	3,411,101	-	4,346,880	37,738	28,718,031	36,513,750
Deferred inflow of resources-pensions	180,958	-	74,869	-	583,984	839,811
Deferred inflow of resources-OPEB	39,903	-	59,854	-	216,973	316,730
Total deferred inflows	220,861	-	134,723	-	800,957	1,156,541
NET POSITION						
Net investment in capital assets	19,862,512	1,794,891	2,113,280	16,974	2,283,746	26,071,403
Unrestricted (deficit)	(1,152,894)	61,253	5,065,518	1,461,519	(515,269)	4,920,127
Total net position	$ 18,709,618	$ 1,856,144	$ 7,178,798	$ 1,478,493	$ 1,768,477	$ 30,991,530

City of Garland
Nonmajor Enterprise Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended September 30, 2025

	Business-Type Activities - Enterprise Funds					
	Golf	Heliport	Storm Water Management	Parks Performance	Sanitation	Total Other Enterprise Funds
OPERATING REVENUES						
Charges for services	$ 4,587,732	$ 8,904	$ 7,571,769	$ 2,028,790	$ 28,668,549	$ 42,865,744
Other	20,663	-	-	42,792	21,967	85,422
Total Operating Revenues	4,608,395	8,904	7,571,769	2,071,582	28,690,516	42,951,166
OPERATING EXPENSES						
Salaries and benefits	4,236,436	-	3,270,698	192,336	13,160,409	20,859,879
Landfill fees	-	-	-	-	3,212,747	3,212,747
Maintenance, repairs, and supplies	2,068,878	-	1,767,118	1,144,407	6,970,077	11,950,480
Insurance and other expenses	73,889	-	100,003	-	1,282,571	1,456,463
General and administrative	13,908	-	455,375	15,950	2,386,736	2,871,969
Claims	49,052	-	107,864	-	391,007	547,923
Depreciation	1,237,638	2,668	444,177	2,841	3,344,218	5,031,542
Total Operating Expenses	7,679,801	2,668	6,145,235	1,355,534	30,747,765	45,931,003
Total Operating Income (Loss)	(3,071,406)	6,236	1,426,534	716,048	(2,057,249)	(2,979,837)
NONOPERATING REVENUES (EXPENSES)						
Intergovernmental	-	-	71,901	-	-	71,901
Gain on sale of capital assets	-	-	-	-	419,250	419,250
Investment income	30,501	2,360	289,481	42,272	256,269	620,883
Interest expense	-	-	(52,801)	-	(350,955)	(403,756)
Income (loss) before transfers	(3,040,905)	8,596	1,735,115	758,320	(1,732,685)	(2,271,559)
TRANSFERS						
Transfers in	5,512,032	-	755,430	-	3,454,982	9,722,444
Transfers out	(3,326)	-	(22,098)	(100,137)	(1,543,993)	(1,669,554)
Total transfers	5,508,706	-	733,332	(100,137)	1,910,989	8,052,890
NET INCOME	2,467,801	8,596	2,468,447	658,183	178,304	5,781,331
Net position, beginning of year	16,241,817	1,847,548	4,710,351	820,310	1,590,173	25,210,199
Net position, end of year	$ 18,709,618	$ 1,856,144	$ 7,178,798	$ 1,478,493	$ 1,768,477	$ 30,991,530

City of Garland, Texas
Nonmajor Enterprise Funds
Statement of Cash Flows
For the Year Ended September 30, 2025

	Golf	Heliport	Storm Water Management	Parks Performance	Sanitation	Total Other Enterprise Funds
Cash flows from operating activities:						
Cash received from customers	$ 4,587,645	$ 8,904	$ 7,463,659	$ 1,984,046	$ 28,335,715	$ 42,379,969
Cash payments for goods and services	(2,061,877)	-	(2,311,141)	(1,179,948)	(13,086,171)	(18,639,137)
Cash payments to employees for services	(4,108,907)	-	(3,182,856)	(192,336)	(12,652,757)	(20,136,856)
Other operating revenues	20,663	-	-	42,792	21,967	85,422
Net cash provided by operating activities	(1,562,476)	8,904	1,969,662	654,554	2,618,754	3,689,398
Cash flows from non-capital financing activities:						
Intergovernmental	-	-	71,901	-	-	71,901
Due to other funds - increase	177,242	-	-	-	-	177,242
Due from other funds - decrease	-	-	81,717	-	-	81,717
Transfers in	5,512,032	-	755,430	-	3,454,982	9,722,444
Transfers out	(3,326)	-	(22,098)	(100,137)	(1,543,993)	(1,669,554)
Net cash provided by (used for) non-capital financing activities	5,685,948	-	886,950	(100,137)	1,910,989	8,383,750
Cash flows from capital and related financing activities:						
Certificate of obligation issues	-	-	-	-	7,235,000	7,235,000
Premium on issuance of debt	-	-	-	-	343,540	343,540
Acquisition of capital assets	(5,967,329)	-	(492,602)	-	(5,265,096)	(11,725,027)
Principal paid on certificates of obligation	-	-	(220,000)	-	(3,715,000)	(3,935,000)
Principal paid on general obligation bonds	-	-	-	-	(5,000)	(5,000)
Interest paid on certificates of obligation	-	-	(87,027)	-	(633,887)	(720,914)
Interest paid on general obligation bonds	-	-	-	-	(526)	(526)
Proceeds from sale of capital assets	-	-	-	-	419,250	419,250
Net cash provided by (used for) capital and related financing activities	(5,967,329)	-	(799,629)	-	(1,621,719)	(8,388,677)
Cash flows from investing activities:						
Purchase of investment securities	(14,785)	(9,708)	(1,449,580)	(296,179)	(1,781,057)	(3,551,309)
Proceeds from the sale and maturity of investment securities	371,430	9,504	1,253,578	226,993	1,469,713	3,331,218
Interest received on investments	34,137	2,356	287,808	41,405	255,487	621,193
Net cash provided by (used for) investing activities	390,782	2,152	91,806	(27,781)	(55,857)	401,102
Net increase in cash and cash equivalents	(1,453,075)	11,056	2,148,789	526,636	2,852,167	4,085,573
Cash and cash equivalents at beginning of year	1,552,444	39,830	4,562,338	688,590	5,016,057	11,859,259
Cash and cash equivalents at end of year	$ 99,369	$ 50,886	$ 6,711,127	$ 1,215,226	$ 7,868,224	$ 15,944,832
Reconciliation to Statement of Net Position						
Cash and cash equivalents	$ 99,369	$ 50,886	$ 4,983,020	$ 1,215,226	$ 2,100,052	$ 8,448,553
Construction fund cash and cash equivalents	-	-	1,728,107	-	5,768,172	7,496,279
Total cash and cash equivalents	$ 99,369	$ 50,886	$ 6,711,127	$ 1,215,226	$ 7,868,224	$ 15,944,832

City of Garland, Texas
Nonmajor Enterprise Funds
Statement of Cash Flows
For the Year Ended September 30, 2025

	Golf	Heliport	Storm Water Management	Parks Performance	Sanitation	Total Other Enterprise Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:						
Operating income (loss)	$ (2,881,787)	$ 6,236	$ 1,435,230	$ 716,048	$ (2,057,249)	$ (2,781,522)
Adjustments:						
Depreciation	1,048,019	2,668	435,481	2,841	3,344,218	4,833,227
Provision for uncollectible accounts	-	-	(444)	-	10,013	9,569
Change in assets and liabilities:						
Decrease in pension related deferred outflows	(815,097)	-	(586,899)	-	(3,025,100)	(4,427,096)
Increase in OPEB related deferred outflows	46,735	-	70,103	-	254,123	370,961
Increase in inventory	(45,550)	-	-	-	-	(45,550)
Decrease in net pension liability	808,406	-	695,843	-	3,182,458	4,686,707
Increase in accounts receivable	(87)	-	(107,666)	(44,744)	(342,847)	(495,344)
Increase (decrease) in accounts payable	140,349	-	45,641	(19,591)	890,247	1,056,646
Increase (decrease) in compensated absences	3,876	-	(18,593)	-	20,868	6,151
Increase in OPEB liability	5,534	-	8,302	-	30,093	43,929
Increase (decrease) in pension related deferred inflows	130,344	-	(2,509)	-	329,426	457,261
Decrease in OPEB related deferred inflows	(3,218)	-	(4,827)	-	(17,496)	(25,541)
Total adjustments	1,319,311	2,668	534,432	(61,494)	4,676,003	6,470,920
Net cash provided by (used for) operating activities	$ (1,562,476)	$ 8,904	$ 1,969,662	$ 654,554	$ 2,618,754	$ 3,689,398
Non-cash transactions:						
Change in restricted accounts payable	535,703	-	-	-	(406,634)	129,069
Increase in fair value of investments	31	15	2,029	366	2,380	4,821

City of Garland, Texas
Internal Service Funds

Internal Service Funds

The Internal Service Funds account for the financing of goods or services and insurance premiums and claims provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units on a cost-reimbursement basis.

Group Health Fund – This fund is used to account for an employee medical insurance plan which is administered by a third party. The City makes deposits to the fund each pay period for each employee covered by this medical insurance plan and payment of employees' medical claims are made from this fund.

Self Insurance Fund – This fund is used to account for proceeds from other funds for the payment of claims and to provide a loss reserve for potential future major unanticipated claims.

LTD Insurance Fund – This fund is used to account for proceeds from other funds and employees for the payment of long-term disability claims and to provide a loss reserve for potential future claims.

Fleet Services Fund – This fund is used to account for the cost of operating a centralized fleet maintenance garage, which performs repair and maintenance services for City vehicles.

Vehicle Replacement Fund – This fund is used to account for the proceeds from other funds for the systematic replacement of City vehicles.

Information Technology Fund – This fund is used to account for activities related to administration, operation, and maintenance of the City's electronic data processing and communication systems.

Facilities Management Fund – This fund is used to account for activities related to maintenance and management of City buildings and facilities.

Warehouse Fund – This fund is used to account for the activities related to operation of the City's warehouse center for storage and distribution of supplies.

Customer Service Fund – This fund is used to account for activities related to establishing accounts, meter reading, billing and collection of revenue, and responding to customer inquiries from the day to day operations of City utilities.

City of Garland, Texas
Internal Service Funds
Statement of Net Position
September 30, 2025

	Group Health	Self Insurance	LTD Insurance	Fleet Services	Vehicle Replacement	Information Technology	Facilities Management	Warehouse	Customer Service	Total Internal Service Funds
ASSETS										
Current assets:										
Unrestricted										
Cash and cash equivalents	$ 18,231,819	$ 3,752,386	$ 1,881,417	$ 1,361,573	$ 9,730,308	$ 15,897,681	$ 1,606,977	$ -	$ 22,231,047	$ 74,693,208
Investments	3,657,346	740,107	371,117	273,908	1,882,493	3,107,750	310,594	-	4,259,845	14,603,160
Accrued interest	33,636	6,427	3,466	1,902	17,447	26,456	2,413	-	33,947	125,694
Other Receivables	425,330	6,863	-	-	-	16,978	826	4,020	1,582,235	2,036,252
Inventories	-	-	-	279,232	-	-	-	-	-	279,232
Prepaid expense	-	2,525,259	-	-	-	-	-	-	-	2,525,259
Total current assets	22,348,131	7,031,042	2,256,000	1,916,615	11,630,248	19,048,865	1,920,810	4,020	28,107,074	94,262,805
Noncurrent assets:										
Restricted										
Construction funds:										
Cash and cash equivalents	-	-	-	11,096	-	-	-	5,748	33,092	49,936
Investments	-	-	-	1,427	-	28,173	-	1,132	(2,691)	28,041
Accrued interest	-	-	-	20	-	-	-	11	60	91
Total construction funds	-	-	-	12,543	-	28,173	-	6,891	30,461	78,068
Capital assets										
Land	-	-	-	-	-	136,810	-	-	221,949	358,759
System	952,811	-	-	4,682,070	49,962,769	102,678,188	293,574	246,563	31,768,147	190,584,122
Construction in progress	-	-	-	-	(80,411)	4,312,221	116,973	-	-	4,348,783
Less accumulated depreciation/amortization	(162,774)	-	-	(2,660,646)	(37,041,217)	(71,452,215)	(183,121)	(246,553)	(17,492,570)	(129,239,096)
Net capital assets	790,037	-	-	2,021,424	12,841,141	35,675,004	227,426	10	14,497,526	66,052,568
Total noncurrent assets	790,037	-	-	2,033,967	12,841,141	35,703,177	227,426	6,901	14,527,987	66,130,636
Total assets	23,138,168	7,031,042	2,256,000	3,950,582	24,471,389	54,752,042	2,148,236	10,921	42,635,061	160,393,441
Deferred Outflows of Resources										
Deferred charges on debt	-	-	-	-	-	412	-	-	364	776
Deferred charges on pensions	427,468	342,824	-	1,459,049	-	5,264,536	1,450,604	137,212	3,600,304	12,681,997
Deferred charges on OPEB	165,910	69,100	-	483,905	-	871,030	483,905	140,803	1,297,088	3,511,741
Total deferred outflows	593,378	411,924	-	1,942,954	-	6,135,978	1,934,509	278,015	4,897,756	16,194,514
LIABILITIES										
Current Liabilities:										
Payable from current assets										
Accounts payable and accrued liabilities	635,434	317,187	(5,872)	1,225,173	133,991	1,546,109	689,731	-	2,069,319	6,611,072
Accrued interest payable:										
General obligation bonds	-	-	-	-	-	4,293	-	-	39,362	43,655
Certificates of obligation	-	-	-	4,891	-	31,721	-	-	-	36,612
Customer deposits	-	-	-	-	-	-	-	-	23,640,922	23,640,922
Due to other funds	-	-	-	-	-	180,316	-	4,020	-	184,336
Compensated absences	16,243	23,169	-	107,808	-	384,508	90,566	-	308,797	931,091
Insurance claims payable	2,725,245	2,409,814	315,204	-	-	-	-	-	-	5,450,263
Right-to-use lease	135,157	-	-	-	-	-	-	-	-	135,157
Right-to-use SBITA	-	-	-	-	-	2,569,853	-	-	-	2,569,853
General obligation bonds	-	-	-	-	-	250,000	-	-	1,500,000	1,750,000
Certificates of obligation	-	-	-	95,000	-	1,080,000	-	-	-	1,175,000
Total current liabilities	3,512,079	2,750,170	309,332	1,432,872	133,991	6,046,800	780,297	4,020	27,558,400	42,527,961
Long-term Liabilities:										
Payable from restricted assets										
Certificates of obligation (net of amortized bond premium)	-	-	-	1,115,021	-	4,251,464	-	-	-	5,366,485
General obligation bonds (net of amortized bond premium and defeased debt cost)	-	-	-	-	-	542,532	-	-	4,988,078	5,530,610
Right-to-use lease	576,978	-	-	-	-	-	-	-	-	576,978
Right-to-use SBITA	-	-	-	-	-	6,146,004	-	-	-	6,146,004
Compensated absences	-	13,265	-	30,195	-	91,115	36,122	-	-	170,697
Insurance claims payable	-	3,234,830	2,913,019	-	-	-	-	-	-	6,147,849
Net OPEB liability	682,530	284,388	-	1,990,712	-	3,583,281	1,990,712	569,494	5,345,763	14,446,880
Net pension liability	454,291	342,830	-	1,419,757	-	4,925,990	1,416,241	97,396	3,521,816	12,178,321
Total Long-term Liabilities	1,713,799	3,875,313	2,913,019	4,555,685	-	19,540,386	3,443,075	666,890	13,855,657	50,563,824
Total Liabilities	5,225,878	6,625,483	3,222,351	5,988,557	133,991	25,587,186	4,223,372	670,910	41,414,057	93,091,785
Deferred Inflows of resources										
Deferred charges on debt	-	-	-	-	-	24	-	-	1,488	1,512
Deferred charges on pensions	(10,085)	20,887	-	142,235	-	779,044	135,010	25,696	326,054	1,418,841
Deferred charges on OPEB	29,928	12,440	-	87,287	-	157,117	87,287	27,211	232,158	633,428
Total deferred inflows	19,843	33,327	-	229,522	-	936,185	222,297	52,907	559,700	2,053,781
NET POSITION										
Net investment in capital assets	654,880	-	-	823,946	12,841,141	23,433,565	227,426	6,901	8,038,785	46,026,644
Unrestricted	17,830,945	784,156	(966,351)	(1,148,489)	11,496,257	10,931,084	(590,350)	(441,782)	(2,479,725)	35,415,745
Total net position	$ 18,485,825	$ 784,156	$ (966,351)	$ (324,543)	$ 24,337,398	$ 34,364,649	$ (362,924)	$ (434,881)	$ 5,559,060	$ 81,442,389

City of Garland, Texas
Internal Service Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended September 30, 2025

	Group Health	Self Insurance	LTD Insurance	Fleet Services	Vehicle Replacement	Information Technology	Facilities Management	Warehouse	Customer Service	Total Internal Service Funds
OPERATING REVENUES:										
Charges for services	$ -	$ -	$ -	$ 12,583,751	$ 3,384,924	$ 30,157,078	$ 14,367,868	$ -	13,806,642	$ 74,300,263
Premiums	41,606,970	13,097,621	460,766	-	-	-	-	-	-	55,165,357
Other	8,536,580	253,193	-	1,765	-	385,737	22,223	6,553,922	219,116	15,972,536
Total Operating Revenues	50,143,550	13,350,814	460,766	12,585,516	3,384,924	30,542,815	14,390,091	6,553,922	14,025,758	145,438,156
OPERATING EXPENSES:										
Salaries and benefits	1,219,690	2,924,964	-	4,338,285	-	15,230,469	4,176,028	13,562	10,907,328	38,810,326
Maintenance, repairs, and other	1,840,388	391,516	15,910	9,244,382	578,283	13,169,597	8,778,854	7,373,967	2,073,821	43,466,718
Premiums	8,506,769	7,897,909	-	-	-	-	-	-	546,171	16,950,849
Claims	40,083,450	632,614	296,010	208,299	-	379,914	87,084	31,104	-	41,718,475
Administrative services	682,582	94,651	77,337	-	-	-	107,301	-	-	961,871
General and administrative	503,783	325,329	-	1,296,873	-	2,042,914	919,625	-	4,062,328	9,150,852
Depreciation	140,940	-	-	129,681	4,096,986	10,085,543	32,414	3	724,752	15,210,319
Total Operating Expenses	52,977,602	12,266,983	389,257	15,217,520	4,675,269	40,908,437	14,101,306	7,418,636	18,314,400	166,269,410
Total Operating Income (Loss)	(2,834,052)	1,083,831	71,509	(2,632,004)	(1,290,345)	(10,365,622)	288,785	(864,714)	(4,288,642)	(20,831,254)
NONOPERATING REVENUES (EXPENSES):										
Intergovernmental	187,545	96,683	-	139,885	-	1,005,171	-	-	-	1,429,284
Investment income	923,021	133,183	92,329	23,446	558,355	755,898	17,192	74,678	1,079,304	3,657,406
Interest expense	(18,478)	-	-	(34,667)	-	(428,534)	-	-	(190,201)	(671,880)
Gain on sale of capital assets	-	-	-	-	396,828	39,155	-	-	-	435,983
Total nonoperating revenues (expenses)	1,092,088	229,866	92,329	128,664	955,183	1,371,690	17,192	74,678	889,103	4,850,793
Income (loss) before transfers	(1,741,964)	1,313,697	163,838	(2,503,340)	(335,162)	(8,993,932)	305,977	(790,036)	(3,399,539)	(15,980,461)
TRANSFERS										
Transfers in	652,011	(96,548)	-	1,561,090	260,378	4,199,303	1,110,927	4,169,419	3,340,298	15,196,878
Transfers out	-	(414,517)	-	1,066,083	(735,362)	(4,966)	(8,275)	(3,624,376)	(17,517)	(3,738,930)
Net transfers	652,011	(511,065)	-	2,627,173	(474,984)	4,194,337	1,102,652	545,043	3,322,781	11,457,948
NET INCOME (LOSS)	(1,089,953)	802,632	163,838	123,833	(810,146)	(4,799,595)	1,408,629	(244,993)	(76,758)	(4,522,513)
Net position, beginning of year	19,575,778	(18,476)	(1,130,189)	(448,376)	25,147,544	39,164,244	(1,771,553)	(189,888)	5,635,818	85,964,902
Net position, end of year	$ 18,485,825	$ 784,156	$ (966,351)	$ (324,543)	$ 24,337,398	$ 34,364,649	$ (362,924)	$ (434,881)	5,559,060	$ 81,442,389

City of Garland, Texas
Internal Service Funds
Statement of Cash Flows
For the Year Ended September 30, 2025

	Group Health	Self Insurance	LTD Insurance	Fleet Services	Vehicle Replacement	Information Technology	Facilities Management	Warehouse	Customer Service	Internal Service Funds
Cash flows from operating activities:										
Cash received from customers	$ 41,616,670	$ 13,101,874	$ 460,766	$ 12,589,711	$ 3,384,924	$ 30,140,929	$ 14,370,196	$ (4,020)	$ 13,277,503	$ 128,938,553
Cash received for customer deposits	-	-	-	-	-	-	-	-	1,336,998	1,336,998
Cash payments for goods and services	(51,882,183)	(9,329,029)	(424,082)	(10,325,798)	(627,680)	(15,469,531)	(9,526,743)	1,504,466	(6,146,050)	(102,226,630)
Cash payments to employees for services	(1,191,940)	(2,879,614)	-	(4,209,307)	-	(14,751,958)	(4,044,911)	(21,455)	(10,532,333)	(37,631,518)
Other operating revenues	8,536,580	253,193	-	1,765	-	385,737	22,223	6,553,922	219,116	15,972,536
Net cash provided by (used for) operating activities	(2,920,873)	1,146,424	36,684	(1,943,629)	2,757,244	305,177	820,765	8,032,913	(1,844,766)	6,389,939
Cash flows from non-capital financing activities:										
Due from other funds - decrease	-	-	-	-	-	1,071,104	-	-	-	1,071,104
Due to other funds - increase (decrease)	-	254,396	-	89,594	-	23,828	-	(4,756,081)	-	(4,388,263)
Intergovernmental	187,545	96,683	-	139,885	-	1,005,171	-	-	-	1,429,284
Transfers in	652,011	(96,548)	-	1,561,090	260,378	4,199,303	1,110,927	4,169,419	3,340,298	15,196,878
Transfers out	-	(414,517)	-	1,066,083	(735,362)	(4,966)	(8,275)	(3,624,376)	(17,517)	(3,738,930)
Net cash provided by (used for) non-capital financing activities	839,556	(159,986)	-	2,856,652	(474,984)	6,294,440	1,102,652	(4,211,038)	3,322,781	9,570,073
Cash flows from capital and financing activities:										
Acquisition of capital assets	(85,316)	-	-	-	(5,135,439)	(4,816,199)	(167,447)	-	-	(10,204,401)
Subscription Based Asset Outlay	845,661	-	-	-	-	(3,552,697)	-	-	-	(2,707,036)
Principal paid on certificates of obligation	-	-	-	(90,000)	-	(1,005,000)	-	-	-	(1,095,000)
Principal paid on general obligation bonds	-	-	-	-	-	(245,000)	-	-	(1,525,000)	(1,770,000)
Decrease in advance from other funds	-	-	-	-	-	-	-	(3,896,269)	-	(3,896,269)
Decrease in SBITA	(133,526)	-	-	-	-	1,016,407	-	-	-	882,881
Interest paid on certificates of obligation	-	-	-	(40,470)	-	(287,615)	-	-	-	(328,085)
Interest paid on general obligations	-	-	-	-	-	(39,726)	-	-	(346,175)	(385,901)
Interest paid on SBITA	(18,478)	-	-	-	-	(263,820)	-	-	-	(282,298)
Proceeds from sale of assets	-	-	-	-	448,373	39,155	-	-	-	487,528
Net cash provided by (used for) financing activities	608,341	-	-	(130,470)	(4,687,066)	(9,154,495)	(167,447)	(3,896,269)	(1,871,175)	(19,298,581)
Cash flows from investing activities:										
Purchase of investment securities	(2,754,533)	(772,771)	(302,479)	(360,711)	(1,470,092)	(2,810,215)	(585,164)	(903)	(3,370,489)	(12,427,357)
Proceeds from the sale and maturity of investment securities	3,583,349	700,911	351,432	256,401	2,216,902	3,790,525	300,169	1,074	4,045,399	15,246,162
Interest received on investments	924,719	132,856	92,624	23,418	564,832	767,634	15,358	74,679	1,090,646	3,686,766
Net cash provided by (used for) investing activities	1,753,535	60,996	141,577	(80,892)	1,311,642	1,747,944	(269,637)	74,850	1,765,556	6,505,571
Net increase (decrease) in cash and cash equivalents	280,559	1,047,434	178,261	701,661	(1,093,164)	(806,934)	1,486,333	456	1,372,396	3,167,002
Cash and cash equivalents at beginning of year	17,951,260	2,704,952	1,703,156	671,008	10,823,472	16,704,615	120,644	5,292	20,891,743	71,576,142
Cash and cash equivalents at end of year	$ 18,231,819	$ 3,752,386	$ 1,881,417	$ 1,372,669	$ 9,730,308	$ 15,897,681	$ 1,606,977	$ 5,748	$ 22,264,139	$ 74,743,144
Reconciliation to Statement of Net Position										
Cash and cash equivalents	$ 18,231,819	$ 3,752,386	$ 1,881,417	$ 1,361,573	$ 9,730,308	$ 15,897,681	$ 1,606,977	$ -	$ 22,231,047	$ 74,693,208
Construction fund cash and cash equivalents	-	-	-	11,096	-	-	-	5,748	33,092	49,936
Total cash and cash equivalents	$ 18,231,819	$ 3,752,386	$ 1,881,417	$ 1,372,669	$ 9,730,308	$ 15,897,681	$ 1,606,977	$ 5,748	$ 22,264,139	$ 74,743,144
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:										
Operating income (loss)	$ (2,834,052)	$ 1,083,831	$ 71,509	$ (2,632,004)	$ (1,290,345)	$ (10,365,622)	$ 288,785	$ (864,714)	$ (4,288,642)	$ (20,831,254)
Adjustments:										
Depreciation	140,940	-	-	129,681	4,096,986	10,085,543	32,414	3	724,752	15,210,319
Provision for uncollectible accounts	-	-	-	-	-	-	-	-	(22,725)	(22,725)
Change in assets and liabilities:										
Increase in pension related deferred outflows	(176,832)	(191,639)	-	(915,329)	-	(3,775,165)	(897,534)	-	(2,214,947)	(8,171,446)
Decrease in OPEB related deferred outflows	35,052	14,605	-	102,234	-	184,020	102,234	25,158	278,622	741,925
(Increase) decrease in inventory	-	-	-	(22,029)	-	-	-	9,417,957	-	9,395,928
Increase in net pension liability	276,291	235,359	-	1,033,531	-	3,868,068	1,023,297	-	2,537,780	8,974,326
(Increase) decrease in accounts receivable	9,700	4,253	-	5,960	-	(16,150)	2,328	(4,020)	(506,414)	(504,343)
Increase (decrease) in accounts payable	(314,670)	(211,854)	(34,825)	338,484	(49,397)	(83,823)	239,773	(539,524)	248,318	(407,518)
Increase in customer deposits	-	-	-	-	-	-	-	-	1,336,998	1,336,998
Increase (decrease) in compensated absences	(14,511)	9,350	-	(29,110)	-	(113,143)	(25,406)	(7,893)	(13,180)	(193,893)
(Increase) decrease in prepaid expense	12,667	209,514	-	-	-	13,575	19,047	-	216	255,019
Increase in OPEB liability	4,151	1,730	-	12,107	-	21,792	12,107	4,178	31,796	87,861
Increase (decrease) in pension related deferred inflows	(57,196)	(7,719)	-	39,885	-	498,752	30,759	-	65,343	569,824
Increase in OPEB related deferred inflows	(2,413)	(1,006)	-	(7,039)	-	(12,670)	(7,039)	1,768	(22,683)	(51,082)
Total adjustments	(86,821)	62,593	(34,825)	688,375	4,047,589	10,670,799	531,980	8,897,627	2,443,876	27,221,193
Net cash provided by (used for) operating activities	$ (2,920,873)	$ 1,146,424	$ 36,684	$ (1,943,629)	$ 2,757,244	$ 305,177	$ 820,765	$ 8,032,913	$ (1,844,766)	$ 6,389,939
Non-cash transactions:										
Change in restricted accounts payable	$ -	$ -	$ -	$ -	$ -	$ (15,093)	$ -	$ -	$ -	(15,093)
Decrease in fair value of investments	5,515	1,136	569	415	2,944	4,809	486	-	6,552	22,426

CITY OF GARLAND, TEXAS
Statistical Section
(Unaudited)

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Financial Trends **130**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity **136**

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity **140**

These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information **145**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information **148**

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

City of Garland
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(unaudited)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities										
Net investment in capital assets	$ 150,422,234	$ 177,385,098	$ 183,437,109	$ 183,829,761	$ 237,358,502	$ 251,747,773	$ 302,387,528	$ 373,586,337	$ 474,829,891	$ 448,515,142
Restricted	7,904,536	8,365,076	14,797,879	12,472,754	16,447,494	18,339,918	15,264,174	16,948,983	19,260,816	42,897,624
Unrestricted	7,879,932	699,772	(10,392,577)	13,235,542	5,851,385	35,769,943	73,480,848	101,700,484	86,482,412	60,874,472
Total governmental activities net position	$ 166,206,702	$ 186,449,946	$ 187,842,411	$ 209,538,057	$ 259,657,381	$ 305,857,634	$ 391,132,550	$ 492,235,804	$ 580,573,119	$ 552,287,238
Business-type activities										
Net investment in capital assets	$ 393,233,982	$ 408,670,773	$ 426,347,930	$ 433,039,663	$ 430,385,905	$ 448,128,873	$ 482,719,644	$ 511,315,161	$ 527,113,667	$ 548,961,053
Restricted	184,733,224	186,750,517	164,352,786	181,885,584	200,258,011	236,758,735	249,708,785	246,718,384	268,194,572	287,869,530
Unrestricted	91,707,333	61,283,046	66,062,217	106,130,672	138,206,756	115,775,777	125,838,651	140,435,086	190,623,055	230,720,901
Total business-type activities net position	$ 669,674,539	$ 656,704,336	$ 656,762,933	$ 721,055,919	$ 768,850,672	$ 800,663,385	$ 858,267,080	$ 898,468,631	$ 985,931,294	$ 1,067,551,484
Primary government										
Net investment in capital assets	$ 543,656,216	$ 586,055,871	$ 609,785,039	$ 616,869,424	$ 667,744,407	$ 699,876,646	$ 785,107,172	$ 884,901,498	$ 1,001,943,558	$ 997,476,195
Restricted	192,637,760	195,115,593	179,150,665	194,358,338	216,705,505	255,098,653	264,972,959	263,667,367	287,455,388	330,767,154
Unrestricted	99,587,265	61,982,818	55,669,640	119,366,214	144,058,141	151,545,720	199,319,499	242,135,570	277,105,467	291,595,373
Total primary government activities net position	$ 835,881,241	$ 843,154,282	$ 844,605,344	$ 930,593,976	$ 1,028,508,053	$ 1,106,521,019	$ 1,249,399,630	$ 1,390,704,435	$ 1,566,504,413	$ 1,619,838,722

City of Garland
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(unaudited)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental activities:										
General government	$ 32,857,828	$ 33,421,800	$ 34,425,497	$ 37,666,863	$ 42,142,722	$ 42,122,789	$ 44,381,242	$ 50,061,998	$ 50,111,754	$ 70,906,114
Public safety	103,855,466	107,419,896	108,420,934	120,253,380	120,243,599	118,229,934	117,578,721	142,070,923	148,261,922	205,912,292
Public works	46,703,808	39,356,985	42,764,067	46,038,188	48,199,894	57,058,678	50,627,594	39,720,966	57,527,838	78,141,833
Culture and recreation	24,405,765	24,743,188	24,323,627	28,281,367	26,708,528	24,808,132	25,048,374	33,478,258	33,563,418	61,979,448
Public health	4,819,386	4,682,394	4,405,451	5,144,733	5,072,234	5,320,061	5,736,694	7,090,684	7,444,788	9,470,678
Interest and fiscal charges	8,833,481	8,391,567	7,339,076	6,669,810	6,648,006	6,508,036	8,125,122	11,559,848	15,973,660	17,616,347
Total governmental activities expenses	221,475,734	218,015,830	221,678,652	244,054,341	249,014,983	254,047,630	251,497,747	283,982,677	312,883,380	444,026,712
Business-type activities:										
Electric	281,386,514	282,989,503	259,269,873	236,681,376	241,329,104	319,876,181	326,533,367	357,738,976	317,003,646	338,909,458
Water	54,403,015	58,299,626	64,111,798	65,530,161	67,600,465	66,983,984	67,916,783	72,222,503	74,763,157	87,167,665
Sewer	36,662,146	37,321,258	38,352,152	38,297,685	39,666,456	38,716,017	40,069,004	44,238,025	47,214,598	55,693,836
Golf	4,926,096	5,080,114	4,583,422	4,875,332	4,705,089	4,650,746	4,680,834	5,157,683	5,773,993	7,819,175
Heliport	5,350	5,344	5,315	19,060	23,272	31,605	109,340	33,170	7,406	2,714
Storm water management	3,878,831	3,842,023	4,292,213	4,206,675	4,285,236	4,486,235	4,394,660	5,109,577	5,265,438	6,310,257
Parks performance	1,233,076	1,259,287	1,248,760	1,159,836	705,424	447,070	914,428	1,212,489	1,428,053	1,379,958
Sanitation	17,786,836	17,841,828	18,485,025	19,991,136	20,979,102	20,941,959	22,358,689	24,347,584	25,358,957	31,242,844
Total business-type activities expenses	400,281,864	406,638,983	390,348,558	370,761,261	379,294,148	456,133,797	466,977,105	510,060,007	476,815,248	528,525,907
Total primary government expenses	$ 621,757,598	$ 624,654,813	$ 612,027,210	$ 614,815,602	$ 628,309,131	$ 710,181,427	$ 718,474,852	$ 794,042,684	$ 789,698,628	$ 972,552,619
Program Revenues										
Governmental activities:										
Charges for services:										
General government	$ 8,235,397	$ 8,432,962	$ 9,910,970	$ 9,192,290	$ 9,512,403	$ 9,632,574	$ 10,147,477	$ 10,472,208	$ 10,815,733	$ 10,781,024
Public safety	17,925,072	19,019,451	19,654,603	19,756,620	16,252,716	17,458,794	18,614,940	18,954,602	20,390,608	21,555,287
Public works	20,301,355	19,976,447	18,752,900	21,377,178	23,350,575	23,623,136	30,652,914	38,659,738	35,911,698	49,448,072
Culture and recreation	1,489,423	1,367,082	1,354,400	1,351,315	651,540	745,087	846,025	980,369	1,007,373	1,171,246
Public health	546,298	539,542	514,925	598,254	442,161	408,506	586,770	625,917	732,079	5,950
Operating grants and contributions	15,090,766	16,271,994	15,409,934	17,041,881	31,861,124	23,114,835	28,231,559	25,848,787	42,287,915	40,446,778
Capital grants and contributions	8,377,011	12,892,981	11,057,555	6,572,632	10,947,632	8,014,890	14,426,428	17,344,305	2,939,342	7,972,789
Total governmental activities program revenues	71,965,322	78,500,459	76,655,287	75,890,170	93,018,151	82,997,822	103,506,113	112,885,926	114,084,748	131,381,146
Business-type activities:										
Charges for services:										
Electric	278,334,789	279,846,202	287,169,337	291,458,932	284,768,630	356,541,531	347,199,616	369,778,809	375,502,169	382,080,533
Water	63,373,281	63,623,236	76,184,876	75,578,798	79,828,745	75,816,909	85,849,164	91,487,025	94,120,371	96,150,243
Sewer	44,628,715	44,237,184	43,902,151	46,737,430	47,421,755	48,655,766	51,529,174	55,275,930	58,429,973	62,278,209
Golf	3,577,522	3,964,942	3,708,057	3,770,352	3,365,566	4,142,530	4,556,754	4,869,605	5,175,388	4,587,732
Heliport	7,032	7,118	7,257	7,378	7,522	7,640	7,937	8,328	8,643	8,904
Storm water management	3,819,769	3,860,797	4,326,657	4,445,090	4,963,130	4,986,272	5,046,990	5,110,045	6,605,122	7,571,769
Parks performance	1,198,950	1,220,969	1,092,368	1,168,863	638,751	538,925	1,224,679	1,362,073	1,656,860	2,028,790
Sanitation	19,379,321	19,712,847	19,877,745	19,974,028	21,193,039	21,533,586	23,390,261	25,889,058	26,947,483	28,668,549
Operating grants and contributions	-	884,150	-	-	-	854,633	7,269	-	-	-
Capital grants and contributions	2,534,605	3,113,641	3,600,423	3,311,593	4,070,500	3,502,161	3,690,597	4,899,114	2,532,668	6,305,625
Total business-type activities program revenues	416,853,984	420,471,086	439,868,871	446,452,464	446,257,638	516,579,953	522,502,441	558,679,987	570,978,677	589,680,354
Total primary government program revenues	$ 488,819,306	$ 498,971,545	$ 516,524,158	$ 522,342,634	$ 539,275,789	$ 599,577,775	$ 626,008,554	$ 671,565,913	$ 685,063,425	$ 721,061,500

City of Garland
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(unaudited)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Net (expense)/revenue										
Governmental activities	$ (149,510,412)	$ (139,515,371)	$ (145,023,365)	$ (168,164,171)	$ (155,996,832)	$ (171,049,808)	$ (147,991,634)	$ (171,096,751)	$ (198,798,632)	$ (312,645,566)
Business-type activities	16,572,120	13,832,103	49,520,313	75,691,203	66,963,490	60,446,156	55,525,336	48,619,980	94,163,429	61,154,447
Total primary government net expense	$ (132,938,292)	$ (125,683,268)	$ (95,503,052)	$ (92,472,968)	$ (89,033,342)	$ (110,603,652)	$ (92,466,298)	$ (122,476,771)	$ (104,635,203)	$ (251,491,119)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Property taxes	$ 79,069,419	$ 87,329,443	$ 95,795,752	$ 106,255,121	$ 124,854,949	$ 133,819,570	$ 138,889,834	$ 154,112,428	$ 163,692,333	$ 182,673,314
Sales taxes	30,234,776	29,894,875	30,129,008	31,035,747	30,527,171	35,580,376	41,173,582	49,075,997	46,641,936	54,910,882
Franchise taxes	8,452,280	8,746,777	8,912,728	8,510,877	7,003,961	7,119,922	7,668,703	7,651,287	8,124,300	8,160,990
Hotel/motel taxes	1,356,259	1,415,395	1,431,266	1,525,983	1,250,293	1,380,570	1,644,590	1,737,493	1,764,356	1,595,434
Mixed drink taxes	370,992	401,934	413,241	423,577	327,410	407,951	479,516	472,482	469,842	474,345
Bingo taxes	116,434	86,889	88,130	107,056	128,102	141,864	137,956	136,187	135,237	129,455
Unrestricted investment earnings	913,992	1,117,176	2,313,130	6,072,790	3,720,948	130,798	675,329	16,984,456	24,094,214	21,490,282
Miscellaneous	251,073	606,208	34,151	833,032	129,546	198,927	491,238	184,500	278,672	184,253
Transfers	34,982,692	30,159,918	40,394,892	35,095,634	38,173,776	38,470,083	42,105,802	41,845,175	41,935,057	14,740,730
Total governmental activities	155,747,917	159,758,615	179,512,298	189,859,817	206,116,156	217,250,061	233,266,550	272,200,005	287,135,947	284,359,685
Business-type activities:										
Unrestricted investment earnings	1,671,185	1,961,783	3,216,278	8,233,512	6,819,640	289,125	346,630	19,474,298	26,353,206	24,166,686
Miscellaneous	2,590,247	1,395,829	2,100,389	15,493,423	12,185,399	9,547,515	43,837,531	13,952,448	8,881,085	11,039,787
Transfers	(34,982,692)	(30,159,918)	(40,394,892)	(35,095,634)	(38,173,776)	(38,470,083)	(42,105,802)	(41,845,175)	(41,935,057)	(14,740,730)
Total business-type activities	(30,721,260)	(26,802,306)	(35,078,225)	(11,368,699)	(19,168,737)	(28,633,443)	2,078,359	(8,418,429)	(6,700,766)	20,465,743
Total primary government	$ 125,026,657	$ 132,956,309	$ 144,434,073	$ 178,491,118	$ 186,947,419	$ 188,616,618	$ 235,344,909	$ 263,781,576	$ 280,435,181	$ 304,825,428
Change in Net Position										
Governmental activities	$ 6,237,505	$ 20,243,244	$ 34,488,933	$ 21,695,646	$ 50,119,324	$ 46,200,253	$ 85,274,916	$ 101,103,254	$ 88,337,315	$ (28,285,881)
Business-type activities	(14,149,140)	(12,970,203)	14,442,088	64,322,504	47,794,753	31,812,713	57,603,695	40,201,551	87,462,663	81,620,190
Cumulative effect of change in acctg principle	-	-	(47,479,959)	(29,518)	-	-	-	-	-	-
Total primary government	$ (7,911,635)	$ 7,273,041	$ 1,451,062	$ 85,988,632	$ 97,914,077	$ 78,012,966	$ 142,878,611	$ 141,304,805	$ 175,799,978	$ 53,334,309

Table 3

City of Garland
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years
(accrual basis of accounting)
(unaudited)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Hotel/Motel Tax	Mixed Drink Tax	Bingo Tax	Total
2016	$ 79,069,419	$ 30,234,776 *	$ 8,452,280	$ 1,356,259	$ 370,992	$ 116,434	$ 119,600,160
2017	87,329,443	29,894,875	8,746,777	1,415,395	401,934	86,889	127,875,313
2018	95,795,752	30,129,008	8,912,728	1,431,266	413,241	88,130	136,770,125
2019	106,255,121	31,035,747	8,510,877	1,525,983	423,577	107,056	147,858,361
2020	124,854,949	30,527,171	7,003,961	1,250,293	327,410	128,102	164,091,886
2021	133,819,570	35,580,376	7,119,922	1,380,570	407,951	141,864	178,450,253
2022	138,889,834	41,173,582	7,668,703	1,644,590	479,516	137,956	189,994,181
2023	154,112,428	49,075,997	7,651,287	1,737,493	472,482	136,187	213,185,874
2024	163,692,333	46,641,936	8,124,300	1,764,356	469,842	135,237	220,828,004
2025	182,673,314	54,910,882	8,160,990	1,595,434	474,345	129,455	247,944,420

* Sales tax includes a one-time audit adjustment of $1,267,967.

City of Garland
Fund Balances of Government Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(unaudited)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Nonspendable	$ -	$ -	$ -	$ 42,686	$ 2,216	$ -	$ -	$ 23,230	$ 69,256	$ 545,061
Restricted	851,283	762,777	2,661,895	1,758,414	2,072,994	1,951,780	2,134,656	2,206,940	2,621,210	21,859,575
Committed	-	-	11,399,953	7,650,641	13,340,757	9,380,541	4,451,120	3,389,725	13,831,870	31,882,550
Assigned	3,730,000	3,480,000	3,230,000	3,230,000	14,067,692	12,222,677	11,446,677	11,446,677	17,356,677	19,556,677
Unassigned	22,467,723	30,955,648	17,641,489	23,139,762	23,171,802	27,423,751	37,334,688	46,684,001	35,849,487	32,210,490
Total general fund	$ 27,049,006	$ 35,198,425	$ 34,933,337	$ 35,821,503	$ 52,655,461	$ 50,978,749	$ 55,367,141	$ 63,750,573	$ 69,728,500	$ 106,054,353
All other government funds										
Non spendable:										
Prepaid	$ -	$ -	$ -	$ 4,179,824	$ -	$ -	$ -	$ -	$ 1,332	$ -
Restricted for:										
General government	460,690	619,178	3,728,181	4,188,943	4,498,658	5,025,275	4,036,577	7,389,883	11,454,669	15,671,063
Debt service	5,729,738	6,298,049	6,556,425	5,589,684	6,724,308	8,328,386	6,644,690	5,398,217	3,562,813	2,463,703
Parks construction	368,549	961,391	581,433	918,946	-	-	-	-	-	-
Streets and drainage	2,748,505	11,292,276	2,222,061	-	-	-	-	-	-	-
Public facilities	36,664,668	38,207,888	38,421,468	28,975,889	35,317,431	32,085,846	45,587,365	87,353,710	169,126,664	163,158,602
Other capital projects	237,619	828,678	-	-	-	-	-	-	-	-
Housing assistance	1,354,176	1,176,106	2,113,317	1,898,867	3,943,520	3,607,673	4,047,030	3,247,532	3,927,274	4,190,391
Public safety	798,548	567,248	310,362	278,305	216,452	332,625	400,262	968,457	1,135,995	1,176,595
Committed for:										
Neighborhood services	528,668	512,220	-	-	-	-	-	-	-	-
Culture & recreation	2,273,584	2,531,681	-	-	-	-	-	-	-	-
Landfill closure	25,631	25,932	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	1,802,741
Public works and infrastructure	7,352,692	6,628,149	8,155,937	10,207,382	12,382,296	14,176,005	17,701,835	21,854,246	21,008,330	21,787,971
Assigned for:										
General government	-	-	9,755,580	8,704,005	7,860,555	9,734,074	7,616,354	8,311,163	9,600,318	9,890,893
Unassigned										
Nonmajor governmental funds	-	-	(24,480)	(96,565)	(10,130)	(23,117)	(181,683)	-	-	(70,556)
Total all other governmental funds	$ 58,543,068	$ 69,648,796	$ 71,820,284	$ 64,845,280	$ 70,933,090	$ 73,266,767	$ 85,852,430	$ 134,523,208	$ 219,817,395	$ 220,071,403

Note: In 2018, fund balances associated with Infrastructure, Public Health, and Economic Development was designated as committed.

City of Garland
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(unaudited)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues										
Taxes	$ 110,932,701	$ 119,054,419	$ 127,764,097	$ 139,137,219	$ 156,944,579	$ 169,983,313	$ 182,831,544	$ 202,891,886	$ 214,787,768	$ 235,547,540
Franchise fees	8,452,280	8,746,777	8,912,728	8,510,877	7,003,961	7,119,922	7,668,703	7,651,287	8,124,300	8,160,990
Service charges	26,789,030	26,037,157	27,082,445	30,359,398	30,165,738	31,240,300	36,423,598	39,911,038	42,655,792	43,911,450
Licenses and permits	4,906,892	5,201,460	4,488,052	4,869,605	4,586,832	4,981,566	7,018,315	8,638,192	5,623,490	7,372,539
Investment earnings	625,129	837,061	1,703,775	4,421,741	2,832,265	138,672	692,150	14,123,317	19,889,572	17,832,874
Intergovernmental	14,656,626	14,628,063	16,237,327	16,922,301	32,366,750	22,694,063	27,972,554	33,822,809	42,442,902	39,037,921
Charges for services	8,975,685	9,426,444	9,819,344	10,126,440	10,334,101	10,445,154	10,526,736	10,966,019	11,501,589	12,006,330
Fines and forfeits	7,521,426	8,586,513	7,234,696	6,724,195	3,362,932	4,563,460	4,986,774	5,257,099	5,435,898	6,092,920
Rents and concessions	748,504	745,942	771,769	754,648	499,969	532,355	601,317	824,633	860,543	990,367
Assessments	82,743	39,797	39,872	48,442	28,168	96,227	79,448	82,924	77,072	42,453
Impact fees	714,624	1,640,837	1,441,120	1,769,149	2,305,938	2,222,381	3,270,517	4,197,459	2,160,362	2,491,841
Contributions	151,654	-	-	-	-	350,000	500,000	400,000	461,162	720,000
Program income	740,485	360,193	1,405,285	517,753	764,150	573,958	381,661	705,618	376,527	308,931
Miscellaneous	4,879,561	12,237,187	6,620,881	3,062,947	5,210,525	3,317,285	4,883,724	13,567,851	4,192,432	17,270,130
Awards	218,681	291,479	160,403	237,120	101,224	211,981	202,494	96,822	503,702	554,140
Total Revenues	190,396,021	207,833,329	213,681,794	227,461,835	256,507,132	258,470,637	288,039,535	343,136,954	359,093,111	392,340,426
Expenditures										
General government	12,471,750	11,784,388	12,083,845	12,346,659	12,643,915	12,763,589	13,930,565	15,602,461	17,124,367	18,432,285
Public safety	87,878,926	89,743,140	95,537,161	100,113,212	102,099,911	106,576,228	110,364,300	120,445,204	131,752,831	139,917,468
Public works	22,529,626	22,329,429	27,150,168	18,680,546	19,234,473	20,081,425	22,437,962	24,494,838	25,772,236	29,418,405
Culture and recreation	14,366,431	15,083,685	16,471,742	17,562,268	16,469,559	16,796,831	18,877,832	19,719,883	21,113,295	21,355,473
Public health	3,885,801	3,801,719	3,833,685	4,003,801	4,037,036	4,768,937	5,564,432	5,799,000	6,426,983	4,963,515
Nondepartmental	26,805,888	24,798,432	27,873,387	26,718,604	26,661,783	29,205,434	31,464,252	37,051,736	37,582,714	115,049,871
Operations	15,326,008	15,376,461	16,288,216	17,966,870	23,211,661	26,297,104	28,737,560	29,339,891	28,336,560	30,335,210
Capital Outlay	29,638,166	30,314,161	46,444,414	64,584,868	67,491,361	101,843,349	118,272,884	122,241,801	136,075,841	153,556,337
Debt service										
Principal	21,600,000	21,980,000	24,785,000	26,940,000	27,695,000	29,220,000	30,730,000	31,165,000	34,010,000	38,930,000
Interest	10,308,594	8,939,092	9,706,544	9,478,699	10,436,805	9,754,827	10,555,487	14,227,172	17,109,542	21,671,570
Issue costs on issuance of debt	-	490,612	-	291,431	11,355	10,426	-	-	-	-
Other charges	300,280	319,197	415,626	465,961	502,281	794,701	930,995	897,875	1,472,688	963,860
Total expenditures	245,111,470	244,960,316	280,589,788	299,152,919	310,495,140	358,112,851	391,866,269	420,984,861	456,777,057	574,593,994
Excess of revenues over (under) expenditures	(54,715,449)	(37,126,987)	(66,907,994)	(71,691,084)	(53,988,008)	(99,642,214)	(103,826,734)	(77,847,907)	(97,683,946)	(182,253,568)
Other financing sources (uses)										
Sale of capital assets	624,725	557,911	68,888	1,190,890	153,276	153,384	194,853	853,100	1,418,434	1,127,534
Transfers in	44,272,571	49,444,705	66,566,899	65,530,207	80,903,202	91,673,258	106,261,136	123,691,301	134,281,053	135,856,543
Transfers out	(14,019,482)	(19,708,769)	(26,253,518)	(26,375,285)	(43,540,870)	(53,975,469)	(66,691,528)	(82,618,934)	(93,696,498)	(132,573,761)
Issuance of debt	14,765,000	23,490,000	25,365,000	21,775,000	34,975,000	55,960,000	76,150,000	84,715,000	134,795,000	208,980,000
Premium on issuance of debt	2,004,721	10,211,911	3,067,125	7,458,657	4,618,549	6,652,271	4,886,328	8,261,650	12,158,071	5,443,113
Refunding proceeds	-	55,425,000	-	34,905,000	1,170,000	875,000	-	-	-	-
Payment to bond refunding agent	-	(63,038,619)	-	(38,880,223)	(1,369,381)	(1,039,265)	-	-	-	-
Total other financing sources (uses)	47,647,535	56,382,139	68,814,394	65,604,246	76,909,776	100,299,179	120,800,789	134,902,117	188,956,060	218,833,429
Net change in fund balances	$ (7,067,914)	$ 19,255,152	$ 1,906,400	$ (6,086,838)	$ 22,921,768	$ 656,965	$ 16,974,055	$ 57,054,210	$ 91,272,114	$ 36,579,861
Debt service as a percentage of noncapital expenditures	15.07%	15.04%	15.46%	15.71%	15.80%	15.32%	15.21%	15.30%	16.04%	13.03%

Table 6

City of Garland
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(unaudited)

Fiscal Year Ended September 30,	Residential Property	Commercial Property	Industrial Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2016	$ 7,636,480,700	$ 5,189,352,440	$ 829,469,960	$ 2,573,293,675	$ 11,082,009,425	0.7046
2017	8,807,329,810	5,738,601,110	873,666,970	3,086,963,695	12,332,634,195	0.7046
2018	9,710,744,870	6,070,137,390	928,053,960	3,257,290,309	13,451,645,911	0.7046
2019	11,154,489,960	6,558,625,310	941,717,780	3,718,523,856	14,936,309,194	0.7046
2020	11,816,598,780	7,166,662,540	1,085,747,000	4,022,787,704	16,046,220,616	0.7696
2021	12,289,732,539	6,836,331,220	1,058,025,080	4,127,269,779	16,056,819,060	0.7696
2022	13,327,520,650	7,658,995,760	1,087,965,790	4,109,076,200	17,965,406,000	0.7570
2023	16,253,586,310	8,843,964,890	1,295,445,700	5,620,644,902	20,772,351,998	0.7167
2024	21,151,966,049	6,937,853,860	1,516,337,830	6,008,180,752	23,597,976,987	0.6897
2025	23,034,972,090	8,381,377,720	1,628,240,720	6,817,630,946	26,226,959,584	0.6897

Note: Total Taxable Assessed Value represents the original certified taxable value. It does not include valuation of protested property at certification date.

Source: City of Garland, Texas - Tax Office

City of Garland
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years
(unaudited)

	City Direct Rates			Overlapping Rates*												
Fiscal Year	General Fund	Debt Service Fund	Total Direct	Garland Independent School District	Dallas County	Dallas County Hospital District	Dallas County Community College District	Dallas Independent School District	Dallas County Schools	Richardson Independent School District	Mesquite Independent School District	Collin County	Collin County Community College District	Plano Independent School District	Rockwall Independent School District	Rockwall County
2016	$ 0.3940	$ 0.3106	$ 0.7046	$ 1.2533	$ 0.2431	$ 0.2860	$ 0.1247	$ 1.2821	$ 0.0100	$ 1.3400	$ 1.4100	$ 0.2350	$ 0.0820	$ 1.4480	$ -	$ -
2017	0.3940	0.3106	0.7046	1.4600	0.2431	0.2794	0.1229	1.2821	0.0093	1.3901	1.4600	0.2084	0.0812	1.4390	-	-
2018	0.3940	0.3106	0.7046	1.4600	0.2431	0.2794	0.1240	1.4120	0.0090	1.5200	1.5200	0.1810	0.0810	1.4390	1.4300	0.3280
2019	0.3940	0.3106	0.7046	1.4600	0.2431	0.2794	0.1240	1.4120	0.0090	1.5200	1.5200	0.1810	0.0810	1.4390	1.4300	0.3280
2020	0.3940	0.3756	0.7696	1.3463	0.2379	0.2661	0.1240	1.2967	0.0100	1.3100	1.4464	0.1725	0.0812	1.3238	1.4047	0.3131
2021	0.3940	0.3756	0.7696	1.2600	0.2279	0.2550	0.1235	1.2870	0.0100	1.3909	1.4500	0.1681	0.0812	1.3208	1.3100	0.3131
2022	0.3814	0.3756	0.7570	1.3900	0.2279	0.2550	0.1235	1.2970	0.0100	1.3909	1.3120	0.3181	0.0812	1.3208	1.2736	0.3131
2023	0.3411	0.3756	0.7167	1.1725	0.2179	0.2358	0.1159	1.1849	0.0100	1.3146	1.2846	0.1524	0.0812	1.2598	1.2146	0.2925
2024	0.3141	0.3756	0.6897	1.0532	0.2157	0.2195	0.1100	1.0138	0.0100	1.1431	1.0992	0.1493	0.0812	1.0779	1.0192	0.2760
2025	0.2904	0.3993	0.6897	1.0509	0.2155	0.2120	0.1056	0.9972	0.0100	1.1052	1.0969	0.1493	0.0812	1.0425	1.0669	0.2547

Source: City of Garland, Texas - Tax Office and State of Texas Comptroller Office

Note: The City's basic tax rate cannot exceed $2.50 per $100 assessed value.

* Overlapping rates are those of local and county governments that apply to property owners within the City of Garland. Not all overlapping rates apply to all City of Garland property owners; for example, although the county property tax rates apply to all city property owners, the Mesquite Independent School District rates apply only to property owners whose property is located within that districts' geographic boundaries.

City of Garland
Principal Property Tax Payers
Current Year and Nine Years Ago
(unaudited)

Taxpayer	2025 Taxable Assessed Valuation	2025 Rank	2025 Percent of Total City Taxable Assessed Value	2016 Taxable Assessed Valuation	2016 Rank	2016 Percent of Total City Taxable Assessed Value
Oboe LLC	611,558,180	1	2.33%			
Kraft Heinz Food Company	$ 134,808,290	2	0.51%	$ 59,057,704	4	0.53%
NTT Global Data Center Americas Inc.	130,000,010	3	0.50%			
BM EF Preserve LLC	109,850,000	4	0.42%	-		
Simon Property Group	95,000,000	5	0.36%	106,224,000	2	0.96%
SDC DFW VII LP	86,704,830	6	0.33%			
Lookout Drive Owner LLC	85,000,000	7	0.32%	-		-
Atmos Energy Mid Tex	80,887,020	8	0.31%	-		-
CF Hendry Multifamily Dist	80,350,000	9	0.31%			
BM EF Spring Creek LLC	76,952,080	10	0.29%	47,210,340	6	0.43%
Walmart/Sam's Club	-		-	181,823,910	1	1.64%
Plastipak Packaging Inc.	-		-	63,108,087	3	0.57%
Valspar Engineered Polymer	-		-	49,736,039	5	0.45%
Verizon	-		-	46,981,480	7	0.42%
Omninet Town Centre LP	-		-	43,562,000	8	0.39%
Daisy Brand	-		-	40,083,102	9	0.36%
US Food Service, Inc	-		-	39,599,150	10	0.36%
	$ 1,491,110,410		5.69%	$ 677,385,812		6.11%

Source: City of Garland, Texas - Tax Office

Table 9

City of Garland
Property Tax Levies and Collections
Last Ten Fiscal Years
(unaudited)

Fiscal Year Ended September 30,	Taxes Levied for the Fiscal Year	Collections within Fiscal Year of the Levy		Collections & Adjustments in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2016	$ 78,610,052	$ 78,025,905	99.26%	$ 547,218	$ 78,573,123	99.95%
2017	86,774,848	86,089,470	99.21%	642,550	86,732,020	99.95%
2018	95,302,690	94,597,181	99.26%	650,590	95,247,771	99.94%
2019	105,747,469	104,849,923	99.15%	823,254	105,673,177	99.93%
2020	124,526,948	123,427,570	99.12%	990,686	124,418,256	99.91%
2021	133,202,374	131,815,302	98.96%	1,252,660	133,067,962	99.90%
2022	138,853,429	137,652,333	99.13%	951,170	138,603,503	99.82%
2023	153,859,680	152,116,206	98.87%	1,279,846	153,396,052	99.70%
2024	163,983,214	161,978,150	98.78%	1,219,584	163,197,734	99.52%
2025	183,353,566	182,368,412	99.46%	-	182,368,412	99.46%

Source: City of Garland, Texas - Tax Office and Financial Services

City of Garland
Ratios of Outstanding Debt by Year
Last Ten Fiscal Years
(unaudited)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
GOVERNMENTAL ACTIVITIES										
General Government										
General Obligation Bonds	$ 183,515,056	$ 187,493,295	$ 165,534,662	$ 142,845,624	$ 145,969,279	$ 167,508,490	$ 201,698,826	$ 240,761,412	$ 328,691,236	$ 452,527,624
Certificates of Obligation	67,278,178	65,614,844	87,129,637	103,274,963	107,105,467	114,767,952	126,191,407	144,248,461	164,254,086	198,355,000
Other Obligations	-	-	-	-	-	-	-	-	7,486,443	6,710,129
Total	250,793,234	253,108,139	252,664,299	246,120,587	253,074,746	282,276,442	327,890,233	385,009,873	500,431,765	657,592,753
Percentage of Personal Income	4.67%	4.51%	4.58%	4.22%	4.12%	4.53%	4.82%	5.14%	6.36%	8.18%
Per Capita	1,063	1,069	1,060	1,027	1,042	1,147	1,324	1,547	2,001	2,610
Internal Services										
General Obligation Bonds	$ 1,287,166	$ 5,943,831	$ 5,555,243	$ 18,534,641	$ 16,674,844	$ 14,786,596	$ 12,959,334	$ 11,102,673	$ 9,211,526	$ 7,280,611
Certificates of Obligation	25,940,730	19,695,033	17,994,195	3,749,604	4,554,045	4,137,057	6,199,512	7,312,150	7,766,983	6,541,485
Other Obligations	-	-	-	-	-	-	-	-	7,699,448	7,727,886
Total	27,227,896	25,638,864	23,549,438	22,284,245	21,228,889	18,923,653	19,158,846	18,414,823	24,677,957	21,549,982
Percentage of Personal Income	0.51%	0.46%	0.43%	0.38%	0.35%	0.30%	0.28%	0.25%	0.31%	0.27%
Per Capita	115.43	108.28	98.83	92.97	87.39	76.87	77.38	74.01	98.67	85.54
Total Governmental Activities										
General Obligation Bonds	$ 184,802,222	$ 193,437,126	$ 171,089,905	$ 161,380,265	$ 162,644,123	$ 182,295,086	$ 214,658,160	$ 251,864,085	$ 337,902,762	$ 459,808,235
Certificates of Obligation	93,218,908	85,309,877	105,123,832	107,024,567	111,659,512	118,905,009	132,390,919	151,560,611	172,021,069	204,896,485
Other Obligations	-	-	-	-	-	-	-	-	15,185,891	14,438,015
Total	278,021,130	278,747,003	276,213,737	268,404,832	274,303,635	301,200,095	347,049,079	403,424,696	525,109,722	679,142,735
Percentage of Personal Income	5.18%	4.97%	4.92%	4.61%	4.46%	4.83%	5.10%	5.38%	6.67%	8.45%
Per Capita	1,179	1,177	1,159	1,120	1,129	1,224	1,402	1,621	2,100	2,696
BUSINESS-TYPE ACTIVITIES										
Revenue Bonds	$ 356,430,875	$ 371,429,037	$ 427,244,016	$ 560,632,179	$ 749,207,794	$ 996,353,910	$ 984,142,356	$ 1,033,584,016	$ 1,015,699,444	$ 1,080,860,322
General Obligation Bonds	38,143,825	28,335,233	18,829,023	10,697,916	11,777,670	698,691	15,823	15,547	15,270	10,080
Certificates of Obligation	188,467,493	175,497,335	162,615,617	146,366,550	3,744,894	11,709,534	12,738,890	12,728,755	15,896,456	19,216,449
Commercial Paper	89,910,000	163,280,000	159,440,000	100,500,000	100,500,000	57,500,000	80,000,000	41,400,000	91,400,000	89,795,000
Other Obligations	-	-	-	-	-	-	-	-	925,880	863,057
Total	672,952,193	738,541,605	768,128,656	818,196,645	865,230,358	1,066,262,135	1,076,897,069	1,087,728,318	1,123,937,050	1,190,744,908
Percentage of Personal Income	12.54%	13.16%	13.92%	14.82%	14.07%	17.11%	15.84%	14.51%	14.28%	14.81%
Per Capita	2,853	3,119	3,223	3,414	3,562	4,331	4,350	4,372	4,494	4,726
Total Primary Government	$ 950,973,323	$ 1,017,288,608	$ 1,044,342,393	$ 1,086,601,477	$ 1,139,533,993	$ 1,367,462,230	$ 1,423,946,148	$ 1,491,153,014	$ 1,649,046,772	$ 1,869,887,643
Percentage of Personal Income	17.72%	18.13%	18.92%	18.65%	18.53%	21.95%	20.94%	19.89%	20.95%	23.25%
Per Capita	4,032	4,296	4,383	4,533	4,691	5,555	5,751	5,993	6,594	7,422

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

See the Schedule of Demographic and Economic Statistics for personal income and population data.

It should be noted that a substantial portion of the debt associated with Business-Type activities is related to the Electric Utility and includes debt associated with transmission line projects that will allow the utility to receive additional transmission revenue from the Electric Reliability Council of Texas ratepayers.

City of Garland
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(unaudited)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
GOVERNMENTAL ACTIVITIES										
General Government										
General Obligation Bonds	$ 183,515,056	$ 187,493,295	$ 165,534,662	$ 142,845,624	$ 145,969,279	$ 167,508,490	$ 201,698,826	$ 240,761,412	$ 328,691,236	$ 452,527,624
Certificates of Obligation	67,278,178	65,614,844	87,129,637	103,274,963	107,105,467	114,767,952	126,191,407	144,248,461	164,254,086	210,506,057
Less: Amount Available in Debt Service Fund	4,578,281	5,239,767	5,304,131	4,348,225	5,720,083	7,422,565	4,645,649	3,136,171	121,668	-
Total	246,214,953	247,868,372	247,360,168	241,772,362	247,354,663	274,853,877	323,244,584	381,873,702	492,823,654	663,033,681
Percentage of Estimated Actual Taxable Value of Property	2.22%	2.01%	1.84%	1.62%	1.54%	1.71%	1.80%	1.84%	2.09%	2.53%
Per Capita	1,044	1,047	1,038	1,009	1,018	1,117	1,306	1,535	1,971	2,632
Internal Services										
General Obligation Bonds	$ 1,287,166	$ 5,943,831	$ 5,555,243	$ 18,534,641	$ 16,674,844	$ 14,786,596	$ 12,959,334	$ 11,102,673	$ 9,211,526	$ 7,280,611
Certificates of Obligation	25,940,730	19,695,033	17,994,195	3,749,604	4,554,045	4,137,057	6,199,512	7,312,150	7,766,983	7,766,983
Total	27,227,896	25,638,864	23,549,438	22,284,245	21,228,889	18,923,653	19,158,846	18,414,823	16,978,509	15,047,594
Percentage of Estimated Actual Taxable Value of Property	0.25%	0.21%	0.18%	0.15%	0.13%	0.12%	0.11%	0.09%	0.07%	0.06%
Per Capita	115	108	99	93	87.39	76.87	77.38	74.01	67.89	59.73
Total Governmental Activities										
General Obligation Bonds	$ 184,802,222	$ 193,437,126	$ 171,089,905	$ 161,380,265	$ 162,644,123	$ 182,295,086	$ 214,658,160	$ 251,864,085	$ 337,902,762	$ 459,808,235
Certificates of Obligation	93,218,908	85,309,877	105,123,832	107,024,567	111,659,512	118,905,009	132,390,919	151,560,611	172,021,069	218,273,040
Less: Amount Available in Debt Service Fund	4,578,281	5,239,767	5,304,131	4,348,225	5,720,083	7,422,565	4,645,649	3,136,171	121,668	-
Total	273,442,849	273,507,236	270,909,606	264,056,607	268,583,552	293,777,530	342,403,430	400,288,525	509,802,163	678,081,275
Percentage of Estimated Actual Taxable Value of Property	2.47%	2.22%	2.01%	1.77%	1.67%	1.83%	1.91%	1.93%	2.16%	2.59%
Per Capita	1,159	1,155	1,137	1,102	1,106	1,193	1,383	1,609	2,038	2,692
BUSINESS-TYPE ACTIVITIES										
General Obligation Bonds	$ 38,143,825	$ 28,335,233	$ 18,829,023	$ 10,697,916	$ 11,777,670	$ 698,691	$ 15,823	$ 15,547	$ 15,270	$ 10,080
Certificates of Obligation	188,467,493	175,497,335	162,615,617	146,366,550	3,744,894	11,709,534	12,738,890	12,728,755	15,896,456	19,216,449
Total	226,611,318	203,832,568	181,444,640	157,064,466	15,522,564	12,408,225	12,754,713	12,744,302	15,911,726	19,226,529
Percentage of Estimated Actual Taxable Value of Property	2.04%	1.65%	1.35%	1.05%	0.10%	0.08%	0.07%	0.06%	0.07%	0.07%
Per Capita	961	861	761	655	64	50	52	51	64	76
Total Primary Government	$ 500,054,167	$ 477,339,804	$ 452,354,246	$ 421,121,073	$ 284,106,116	$ 306,185,755	$ 355,158,143	$ 413,032,827	$ 525,713,889	$ 697,307,804
Percentage of Estimated Actual Taxable Value of Property	4.51%	3.87%	3.36%	2.82%	1.77%	1.91%	1.98%	1.99%	2.23%	2.66%
Per Capita	2,120	2,016	1,898	1,757	1,170	1,244	1,434	1,660	2,102	2,768

This report reflects changes made to the General Obligation Debt column to properly report the total amount of general obligation debt outstanding each year.

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

See the Schedule of Demographic and Economic Statistics for population data.

Total tax-supported debt (including commercial paper) is maintained so as not to exceed five percent (5%) of the total assessed valuation of taxable property. The City is currently below the threshold.

City of Garland
Estimated Direct and Overlapping Governmental Activities Debt
September 30, 2025
(unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Garland Independent School District	$ 1,007,345,000	67.43%	$ 679,252,734
Collin County	776,095,000	0.02%	155,219
Collin County Community College District	459,865,000	0.02%	91,973
Dallas County	198,645,000	6.02%	11,958,429
Dallas County Community College District	254,115,000	6.02%	15,297,723
Dallas County Hospital District	527,660,000	6.02%	31,765,132
Dallas Independent School District	4,638,075,000	0.16%	7,420,920
Richardson Independent School District	931,280,000	3.51%	32,687,928
Plano Independent School District	1,380,545,000	5.00%	69,027,250
Mesquite Independent School District	655,349,280	1.75%	11,468,612
Rockwall County	130,695,000	0.01%	13,070
Rockwall Independent School District	860,277,549	0.01%	86,028
Subtotal, overlapping debt			859,225,018
City direct debt			679,142,735
Total estimated direct and overlapping debt			$ 1,538,367,753

Sources: This statement was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional bonds since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot be determined.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Garland. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

* The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the overlapping government's taxable assessed value that is within the City's boundaries and dividing it by the government's total taxable assessed value.

City of Garland
Legal Debt Margin Information
September 30, 2025
(unaudited)

As a home rule city, the City of Garland is not limited by the law in the amount of debt it may issue. The City's charter (section 9.1) states:

> The Council shall have power to levy, for general purposes, an ad valorem tax on real, personal, and mixed property within the territory of the City of Garland, not exempt from taxation by the Constitution and laws of the State of Texas, based upon its true value as provided by law, to the extent of the constitutional limit permitted by the State of Texas to cities of over five thousand (5,000) population, and which said tax shall embrace all taxes for municipal purposes.

The City tax rate limitation is $2.50 per $100 assessed value. The tax rate for FY25 is $.6897 per $100.00 assessed value.

City of Garland
Pledged Revenue Coverage
Last Ten Fiscal Years
(unaudited)

Fiscal Year	Electric Utility System Revenue Bonds						Water & Sewer Utility System Revenue Bonds					
	Gross Revenues (1)	Less: Operation & Maintenance Expenses (2)	Net Available Revenue (3)	Average Annual Debt Service (4) Principal	Average Annual Debt Service (4) Interest	Times Coverage (5)	Gross Revenues (1)	Less: Operation & Maintenance Expenses (2)	Net Available Revenue (3)	Average Annual Debt Service (4) Principal	Average Annual Debt Service (4) Interest	Times Coverage (5)
2016	$ 281,736,385	$ 215,335,038	$ 66,401,347	$ 8,501,667	$ 3,238,345	5.66	$ 108,715,199	$ 64,324,054	$ 44,391,145	$ 10,266,667	$ 3,001,013	3.35
2017	282,850,756	214,058,309	68,792,447	8,972,750	3,549,664	5.49	108,584,843	68,288,444	40,296,399	9,820,000	2,673,950	3.23
2018	291,082,253	222,169,714	68,912,539	6,498,500	2,898,333	7.33	121,117,757	75,803,079	45,314,678	10,067,250	3,366,458	3.37
2019	308,374,453	182,328,918	126,045,535	10,906,333	6,573,272	7.21	124,177,631	75,537,223	48,640,408	10,109,211	3,062,276	3.69
2020	304,193,708	187,470,836	116,722,872	16,012,833	8,699,056	4.72	128,696,808	77,761,673	50,935,135	10,114,000	3,059,411	3.87
2021	365,705,970	269,888,150	95,817,820	23,723,833	12,807,069	2.62	125,625,847	78,874,719	46,751,128	10,355,500	2,892,723	3.53
2022	357,131,714	276,158,778	80,972,936	23,660,345	12,256,653	2.25	137,971,586	81,528,324	56,443,262	11,407,750	3,536,372	3.78
2023	396,561,469	295,998,693	100,562,776	24,357,167	12,991,807	2.69	150,041,750	84,975,910	65,065,840	11,890,000	4,059,283	4.08
2024	405,899,874	254,436,794	151,463,080	24,184,310	12,419,605	4.14	156,332,608	89,613,720	66,718,888	12,778,500	4,593,726	3.84
2025	411,061,569	250,780,399	160,281,170	24,378,500	12,918,171	4.30	162,095,835	97,923,588	64,172,247	14,559,250	5,577,142	3.19

Note: Details regarding the government's outstanding debt can be found in the notes to the financial statements.
(1) Gross revenue includes all operating and non-operating revenues.
(2) Operations and maintenance expenses includes all reported operating expenses less depreciation, amortization of other assets, and the actuarial determined pension and OPEB expenses reflected under the salaries and benefits line item of the financial statements.
(3) Net available revenue represents gross revenues of the system less the operation and maintenance expenses incurred during the fiscal year.
(4) Average annual debt service for all outstanding prior lien revenue bonds and outstanding revenue bonds similarly secured.
(5) The Electric and Water & Sewer bond ordinances require that net available revenues of the systems be at least 1.25 times the average annual principal and interest requirements.

Table 15

City of Garland
Demographic and Economic Statistics
Last Ten Fiscal Years
(unaudited)

Fiscal Year	Population	Personal Income (000's)	Per Capita Personal Income	Median Age	Education Level in Years of Formal Schooling	School Enrollment	Unemployment Rate
2016	235,885	$ 5,366,620	$ 22,751	33.8	12.9	55,100	3.8%
2017	236,786	5,611,118	23,697	34.5	12.9	57,000	3.3%
2018	238,293	5,519,819	23,164	35.3	12.9	56,471	3.4%
2019	239,684	5,827,437	24,313	34.1	12.9	56,471	3.1%
2020	242,914	6,148,153	25,310	34.3	12.9	55,848	7.4%
2021	246,173	6,230,639	25,310	34.1	12.9	55,848	4.4%
2022	247,590	6,799,812	27,464	33.1	12.9	52,355	3.4%
2023	248,822	7,497,505	30,132	34.2	12.9	52,355	3.8%
2024	250,099	7,872,366	31,477	34.4	12.9	51,659	3.7%
2025	251,932	8,040,914	31,917	34.7	12.9	51,659	4.3%

Sources: City of Garland, Texas - Planning Department, U. S. Census, Garland Independent School District, Garland Chamber of Commerce, and Texas Employment Commission

City of Garland
Principal Employers
Current Year and Nine Years Ago
(unaudited)

	2025			2016		
Employer	**Employees**	**Rank**	**Percentage of Total City Employment**	**Employees**	**Rank**	**Percentage of Total City Employment**
Kraft Foods	796	1	0.64%	-		-
US Food Service	520	2	0.42%	500	4	0.42%
Atlas Copco	460	3	0.37%	727	3	0.61%
SilverLine Windows	425	4	0.34%	-		-
Hatco (Resistol)	390	5	0.32%	372	7	0.31%
L3 Communicatoin	350	6	0.28%	-		-
Arrow Fabricated Tubing	340	7	0.27%	-		-
Valspar	300	8	0.24%	-		-
KARLEE, Inc	290	9	0.23%	451	6	0.38%
International Leadership of Texas	275	10	0.22%	-		-
Raytheon E-Systems	-		-	2,000	1	1.68%
Wal-Mart Super Centers	-		-	1,250	2	1.05%
APEX Tool Group	-		-	467	5	0.39%
Home Depot	-		-	339	8	0.28%
Prestige Ford	-		-	310	9	0.26%
Plastipak Packaging	-		-	269	10	0.23%
	4,146		3.33%	6,685		5.61%

Sources: City of Garland, Texas - Tax Office & Texas Workforce Commission, Labor Market Information

2024 excludes retail employers and government entities.

City of Garland
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years
(unaudited)

	Full-time Equivalent Employees as of December 31									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Function										
General Government	362	370	382	388	389	397	409	419	440	447
Police										
Sworn (civil service)	334	337	348	355	354	354	359	359	357	358
Non-Sworn (non-civil service)	133	133	133	133	134	141	146	146	150	149
Fire										
Sworn (civil service)	254	254	257	264	264	264	267	276	285	285
Non-Sworn (non-civil service)	7	7	7	7	7	7	7	7	7	7
Culture and Recreation	160	160	162	164	163	163	164	163	173	176
Internal Services	253	254	256	262	256	255	256	259	267	257
Electric	251	251	251	235	235	235	235	234	234	237
Water	63	65	65	65	66	66	68	67	71	72
Sewer	100	102	102	102	101	101	103	105	106	106
Sanitation	87	87	90	97	99	98	102	103	103	107
Stormwater Management	24	24	24	24	24	24	24	24	24	24
Golf	16	16	29	29	28	28	28	28	28	28
Special Revenue	41	42	41	40	40	41	48	55	56	35
Total FTE Employees	2,085	2,102	2,147	2,165	2,160	2,174	2,216	2,245	2,301	2,288

Source: City of Garland Budget Office

City of Garland
Operating Indicators by Function
Last Ten Fiscal Years
(unaudited)

	Fiscal Year									
	2016	**2017**	**2018**	**2019**	**2020 ***	**2021**	**2022**	**2023 ****	**2024**	**2025**
Function										
Police										
Physical arrests	9,151	9,287	8,942	9,731	5,641	5,527	6,471	6,528	6,558	6,685
Citations issued	51,864	60,147	53,737	59,797	38,555	41,497	42,918	45,939	46,068	57,473
Fire										
Number of calls answered	23,058	24,312	25,159	25,439	25,730	29,538	29,131	29,643	30,721	30,225
Business Inspections	5,701	9,105	7,491	5,055	4,955	3,277	5,074	3,224	6,001	4,682
Highways and streets										
Street resurfacing (miles)	23	49	36	35	37	33	39	38	17	20
Service maintenance requests	2,485	2,041	2,796	3,643	2,613	1,641	2,326	2,940	4,092	3,394
Parks and recreation										
Performing arts center attendance	148,241	151,000	149,000	155,000	79,399	48,186	96,296	110,854	131,138	147,244
Recreation center attendance	1,455,784	1,248,000	1,185,000	1,109,000	575,826	521,325	1,129,297	922,338	902,647	1,227,172
Library										
Volumes, items, or physical units	361,733	361,277	357,672	665,737	637,315	369,141	338,394	233,790	175,345	176,017
Number of Library circulation transactions	1,398,209	1,290,241	1,169,855	1,113,486	576,609	824,941	789,109	746,031	756,493	762,073
Electric										
Number of accounts	69,533	69,929	70,964	71,647	72,295	73,607	74,180	74,889	76,337	77,632
Average daily usage (KWH)	5,272,563	5,170,775	5,480,345	5,352,577	5,363,593	5,261,027	5,797,409	5,638,972	5,584,337	5,874,442
Water										
New connections	281	132	199	225	607	323	139	128	99	622
Water main breaks	206	144	264	171	201	201	201	261	267	219
Average daily consumption (thousands of gallons)	27,315	27,769	29,808	29,249	31,736	30,412	30,905	31,547	31,730	32,917
Sewer										
Average daily sewage treatment (millions of gallons)	33	34	37	46	41	39	34	39	35	43

Sources: Various City departments

* FY20 statistics are impacted by closures related to the Covid 19 pandemic. Various departments experienced periodic closures to ensure the safety of the public.

** FY23 statistics for the Library were impacted by the closure of the Central Library due to renovations.

City of Garland
Capital Asset Statistics by Function
Last Ten Fiscal Years
(unaudited)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Function										
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	123	122	122	122	155	155	155	155	155	
Fire Stations	11	11	11	11	11	11	11	11	11	11
Highways and streets										
Streets (miles)	700.00	702.78	703.64	703.64	703.64	706.84	706.84	706.84	706.84	706.84
Streetlights	14,364	14,418	14,335	14,197	14,138	14,101	14,157	14,194	14,293	14,152
Traffic signals	193	192	192	193	194	196	194	198	199	203
Parks and recreation										
Parks acreage	2,880	2,880	2,880	2,880	2,880	2,880	2,880	2,880	2,880	3,362
Parks	63	63	63	63	63	63	63	63	63	61
Swimming pools	4	4	4	4	4	3	3	3	3	3
Tennis courts	35	35	35	35	35	35	35	35	35	30
Recreation centers	6	6	6	6	6	6	6	6	6	6
Electric										
Substations	29	31	32	33	36	35	33	34	34	36
Miles of service lines	1,190	1,195	1,276	1,283	1,310	1,314	1,314	1,322	1,330	1,332
Maximum resource capacity (MW)	530.0	530.0	523.0	523.0	523.0	529.0	451.0	451.0	451.0	451.0
Water										
Water mains (miles)	1,126	1,130	1,135	960	967	972	975	980	981	981
Fire Hydrants	8,411	8,465	8,529	8,672	8,752	8,824	8,857	8,914	8,933	9,083
Maximum daily capacity (millions of gallons)	225	225	225	225	225	225	225	225	225	225
Sewer										
Sanitary sewers (miles)	1,008	1,010	1,011	895	900	902	903	906	907	908
Maximum daily flow (MGD)	111	76	143	121	125	106	102	93	104	98
Maximum daily treatment capacity (millions of gallons)	64	64	64	64	64	64	64	64	64	64

Sources: Various City departments

Texas Municipal Power Agency
Condensed Financial Information
September 30, 2025

		Amount in (000's)
Total assets	$	244,355
Total liabilities		254,260
Total deferred inflows of resources		4,864
Total net assets		(14,769)
Total liabilities and net assets	$	244,355
Total operating revenues	$	36,392
Total operating expenses		13,821
Income from operations		22,571
Total other income(expenses)		1,437
Total interest charges		(6,059)
Deferred cost		(109)
Refunds to member Cities		(19,458)
Change in net assets		(1,618)
Gain on sale of plant		-
Net assets - beginning balance		(13,151)
Net assets - ending balance	$	(14,769)

Source: TMPA Annual Comprehensive Financial Report

City of Garland
Schedule of Insurance in Force
September 30, 2025
(unaudited)

Insurance Company	Policy Number	From	To	Description	Deductible	Limits
Medical Professional Liability						
Evanston Insurance Company	MKLV2PSM001831	04/02/2024	10/01/2024	Medical Professional Liability	$ 2,500	$1M/$3M
Evanston Insurance Company		10/01/2024	10/01/2027	Extended Reporting Period	$ 2,500	$1M/$3M
AIG Cyber Insurance	01-568-00-58	10/01/2024	10/01/2025	Cyber Liability	$ 150,000	$1M/$1M
National Union Fire Insurance Company	01-548-27-38	10/01/2024	10/01/2025	Commercial Crime Coverage	$ 100,000	$1M
Great American Insurance Company	IMP E775675 03	10/01/2024	10/01/2025	Contractors Equip. & Over the Road	Various	$ 68,141,082
					Fleet Cat	$ 10,000,000
Property Insurance Carriers					Various	$250M
Zurich Energy	PWG1700821-02	03/01/2025	03/01/2026	Primary $250M (31.5%) Utilities Only		$ 78,750,000
Lloyds HDI Global	B0775CPC410425	03/01/2025	03/01/2026	Primary $250M (4%) Utilities Only		$ 10,000,000
Lloyds/ KILN 12%, TAL 2%, ARK 5%, APL 3%, WRB 4%, IQUW 4%, KI 5%, ASP 1.75%, TRV 1.25%, AFB 1.75%, QBE 1.75%, DUW 4.5%, HIS 4%	B0775CPC410825	03/01/2025	03/01/2026	Primary $50M (48.5%) Combo		$ 24,250,000
Lloyds/ Rokstone	B0775CPC451425	03/01/2025	03/01/2026	Primary $50M (3%) Combo		$ 1,500,000
Lloyds/ Fidelis	B0775CPC412725	03/01/2025	03/01/2026	Primary $100M (10%) Combo		$ 10,000,000
Lloyds/Alchemy	B0775CPC451225	03/01/2025	03/01/2026	Primary $100M (3%) Combo		$ 3,000,000
Lloyds/Fidelis	B0775CPC412725	03/01/2025	03/01/2026	$50,000,000 Excess $50,000,000 (29%)		$ 14,500,000
Lloyds/NOA 3902 4%, Argenta 2121 4%	B0775CPC411325	03/01/2025	03/01/2026	$50,000,000 Excess $50,000,000 (5.5%)		$ 2,750,000
Lloyds/MAP 2791, Ki, QBE	B0775CPC412925	03/01/2025	03/01/2026	$50,000,000 Excess $50,000,000 (13.5%)		$ 6,750,000
Lloyds/Atrium 0609, KI 1618	B0775CPC411425	03/01/2025	03/01/2026	$200,000,000 Excess $50,000,000 (3.5%)		$ 7,000,000
Lloyds/Chubb Europe	B0775CPC378425	03/01/2025	03/01/2026	$150,000,000 Excess $100,000,000 (61%)		$ 91,500,000
Lexington	062502678	03/01/2025	03/01/2026	$50,000,000 Primary (10.5%) Muni Only		$ 7,500,000
StarStone	CSP00086707P-01	03/01/2025	03/01/2026	$50,000,000 Primary (10%) Muni Only		$ 5,000,000
RSUI/Landmark	LHD949599	03/01/2025	03/01/2026	$50,000,000 Primary (16%) Muni Only		$ 5,250,000
Palomar Specialty	CENPP-22-2023339-01	03/01/2025	03/01/2026	$25,000,000 Excess $50,000,000 (35.5%)		$ 8,875,000
James River	00161903-0	03/01/2025	03/01/2026	$75,000,000 Excess $75,000,000 (35.5%)		$ 26,625,000
Markel Insurance Company	MKP0000501309001	12/06/2024	12/06/2025	Special Events Liability - Christmas	None	$1M/$5M
				Special Events Liability - Red, White & You		
Excess General Liability Carriers						
Princeton Excess and Surplus Lines Insurance Company	64-A3-EX-0000073-03	10/01/2025	10/01/2026	$5M x $750K	$ 750,000	$5M/$5M
Hudson Excess Insurance Company	GAXS 000078-02	10/01/2025	10/01/2026	$5M x $5M	$ 5,000,000	$5M/$5M
General Star		10/01/2025	10/01/2026	$5M x $10M	$ 5,000,000	$5M/$5M
HDI Global Specialty SE	IU35X000045-03	10/01/2025	10/01/2026	$5M x $15M	$ 5,000,000	$5M/$5M
Vantage Risk Specialty	AUR-PE-002046-01	10/01/2025	10/01/2026	$5M x $20M	$ 5,000,000	$5M/$5M
Westchester Surplus Lines Insurance Company	G47381290 004	10/01/2025	10/01/2026	$5M x $25M	$ 5,000,000	$5M/$5M
Travelers Property Casualty Company of America					$25,000	
	BME1-8S165874-TIL-23	03/01/2025	03/01/2026	Boiler & Machinery Coverage	$100,000	$ 100,000,000
Safety National Casualty Corporation	SP 4067399	10/01/2025	10/01/2026	Excess Workers Compensation	$ 750,000	Statutory/$1M
Lloyds of London (THB)	B0775CPV101623	03/01/2025	03/01/2026	Terrorism Insurance Coverage	$ 25,000	$ 250,000,000
Mount Vernon Fire Insurance Company	LQ 2008467C	10/01/2025	10/01/2026	Liquor Liability Insurance Coverage	$ -	$500K/$1M

Sources: City of Garland Risk Management Department